

Fashion: the emperor's new clothes

page 3



OLYMPIC COUNTDOWN

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summer of sport

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THE INDEPENDENT

MONDAY 15 JULY 1996

WEATHER: Mainly dry and bright

40p (IR 45p)

The dying embers of peace

JOHN RENTOUL
MICHAEL STREETER
ALAN MURDOCH
and JOJO MOYES

The Northern Irish peace process was close to complete disintegration last night as positions hardened in the wake of the bomb explosion at Enniskillen early yesterday.

With the momentum of events in Northern Ireland headed in the direction of more conflict and bloodshed after an Orange march was first stopped and then allowed

A political wasteland

Most Orangemen clearly believe that they won a great victory last week. Certainly their march got through. Nationalists were humiliated, and Unionism and Orangeism demonstrated real muscle.

But in the process the underlying instability of the state was exposed, the very fabric of society was ripped and damaged, and the most fundamental questions posed about the reformability of Northern Ireland.

It seems hardly credible that a province which last year had the hope of a bright new future could so swiftly be transformed into a political wasteland, its economic prospects dashed, its communal relations in ruins. Even in Ireland the prospects have rarely seemed bleaker.

— David McKitterick
page 15

but Dublin sources said this had not been agreed by the British Government, which seemed to want time to allow tempers to cool.

The Killybegs hotel bomb, the first in Northern Ireland since the 1994 ceasefire, was condemned on almost all sides yesterday, amid fears of a violent backlash by loyalist paramilitary groups.

But hopes of peace still hung by a slender thread last night as it emerged that the bomb was probably the work of Republican Sinn Féin, a splinter group, rather than the IRA itself.

The Sinn Féin president, Gerry Adams, said he was greatly relieved no one was seriously hurt in the attack, which injured 17, and said he was "immensely suspicious" as to who carried it out "at a point when the British Government and Unionist leaders are in the dock". He said that, for them, "this comes at a very fortuitous time".

He said that when the "real authors" of the bombing were identified "we will see there were dirty tricks involved".

As nationalist feelings ran high, Roman Catholic outrage over Drumcree was expressed in strong language by Cardinal Cahal Daly. "For 25 years I have condemned violence from all quarters, but I now feel betrayed — betrayed by the British Government," he told GMTV's Sunday programme.

Asked who was responsible for the breakdown of the peace process, he said: "Sadly, regrettably, I have to say that I lay the blame fairly and squarely on the British Government." But he appealed for calm, saying: "We must not allow this to happen. We must pull back from that awful brink."

Despite condemnations of the bomb, the recriminations over Drumcree also put severe strain on the all-party consensus at Westminster yesterday. Marjorie Mowlam, Labour's spokeswoman, described the decision of the mainly Roman Catholic SDLP to pull out of the peace forum as "understandable". She repeated her demand for an independent commission to look at the Orange march at Drumcree to go ahead.



Shattered dreams: Burnt-out cars around the Killybegs Hotel in Enniskillen yesterday. The attack has increased fears of an end to the loyalist ceasefire

Photograph: David Rose

Relations between London and Dublin have hit a new low, with Mr Major reportedly "incandescent" at Mr Bruton's criticisms of the British Government's handling of Drumcree and the Irish foreign minister, Dick Spring, admitting that "very wide gaps" had appeared between the two governments which would now be "extremely difficult" to resolve.

A Downing Street spokeswoman had no comment on the Irish request for prime ministerial talks, and said that talks would be "at the level of Sir Patrick and Mr Spring" in the course of all-party talks starting tomorrow.

Yesterday Mr Spring maintained the blunt criticism of the about-turn over Drumcree, saying British decisions regarding one community had signally failed to judge the effect on the nationalist side, and had simply "revisited mistakes of the past".

He complained that effective security co-operation and consultation achieved between the two Governments in recent years had not been forthcoming in the last week.

This provoked a furious reaction from the arch-unionist wing of the Conservative party. David Wilshire, Tory MP for Spelthorne, told the *Independent*: "The time has come to tear up the Anglo-Irish Agreement."

He said the Irish Government was not "entitled to be consulted on policing decisions in a part of the United Kingdom". And he added that the British Government had "got to square up to terrorists rather than appease them".

Meanwhile, Mr Adams, speaking on Irish radio, said the British Government had to be "straightened out" following the Drumcree U-turn. "They have to have manners put on them" to enable meaningful all-party talks to become a possibility, he said.

On the other side of the sectarian trenches, Unionist politicians warned that the loyalist paramilitary ceasefire was close to breaking. Gary McMichael, leader of the Ulster Democratic Party — which has an ear to the thinking of the Ulster Freedom Fighters — warned that the ceasefire was at "breaking point". He said: "Every time there is a republican action in Northern Ireland it gets worse. I think we have probably reached a watershed."

Town shattered, page 2

If you see Sid, tell him he's been conned

PATRICK TOOHER

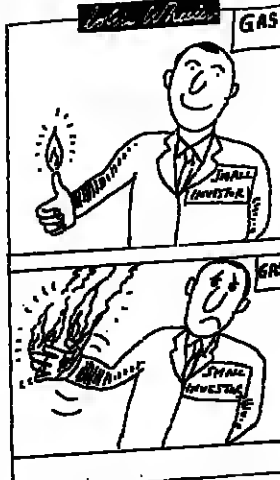
The former chairman of British Gas who steered the company to a flagship privatisation a decade ago claims millions of investors were "conned" into buying the shares.

The outspoken remarks by Sir Dennis Rooke effectively bury the dream of popular capitalism that was born with the creation of "Sid", the archetypal private investor invented to promote the sale of British Gas in 1986.

His comments are even more significant, coming on the day that the government's controversial privatisation of the energy industry, which began with British Gas, is completed when shares in nuclear generator Birtles Energy begin trading on the London Stock Exchange.

Sir Dennis, who ran British Gas from 1976 to 1989, argues that the terms under which the company was sold to investors ten years ago, including authorisation as the sole supplier of gas to domestic customers in the UK, have changed since privatisation, leaving shareholders feeling cheated.

"Over the years 'Sid' certainly has been conned... There's not been any real explanation," he says in a BBC television interview for tonight's *Nine O'Clock News*.



"What is happening is the kind of mess I thought we were going to get into. It happens to be much greater, and faster, than I'd expected."

Last night Labour's shadow energy minister John Battle joined in Sir Dennis' condemnation of the privatisation process. "Investors are increasingly disillusioned," he said. "It is not quite the dream of shareholder democracy we were promised, and most shareholders have sold their shares to the institutions."

"There is dangerous evidence of the energy market unravelling and it is significant that Tim Eggar [the energy minister

who is leaving Parliament] is walking away from it."

Sir Dennis' outburst comes at a highly sensitive time for British Gas. It is in the throes of breaking itself up into two separate companies and is locked in negotiations with the industry regulator Ofgas about proposals to impose price controls on its international pipeline business that could see its profits halved.

It also faces the introduction of domestic competition in 1998. Rival suppliers can already ply for trade in south-west England, where half a million households can buy gas from a variety of companies. So far about 10 per cent of customers have switched from British Gas to new suppliers.

Uncertainty about the future of British Gas has weighed heavily on its share price, and the Sids who bought in at 135p a share ten years ago have had a poor return.

Having reached a high of 350p two years ago, the shares now trade at 189p, a rise of just 40 per cent.

Over the same period, anyone buying the index of Britain's top 100 companies would easily have doubled their money by showing a capital return of 164 per cent.

Business, page 18

Gadaffi's rivals pay ultimate penalty

ANDREW GUMBEL

A rising tide of resentment against the Libyan leader, Colonel Muammar Gadaffi, has exploded into violence at a football stadium in Tripoli, where a derby between the capital's two main teams turned into a shoot-out between supporters and official government bodyguards.

Up to 50 people were yesterday reported to have been killed in one of the worst outbreaks of violence in Libya in years, as the crowd embarked on a shouting match for and against Mr Gadaffi which degenerated into bloodshed.

The crucial moment came in the closing moments of the game, as the referee was forced to adjudicate a questionable goal scored by Al-Ahli over their city rival, Al-Itihad. The crowd clearly felt the goal should have been disallowed, but Al-Ahli's owner — Mr Gadaffi's son al-Saadi — was sitting in the stands and the referee eventually decided to let it stand.

Furious Al-Itihad supporters immediately invaded the pitch chanting anti-government slogans, and al-Saadi's bodyguards opened fire in response, killing at least four people. Some supporters started firing back, but panic quickly gripped the 60,000-strong crowd, which



Power kicks: al-Saadi, son of Libya's Colonel Gadaffi

stampeded towards the exits.

Once outside, the violence resumed. Cars and passers-by were attacked with stones, seemingly at random. Estimates by foreign diplomats and Libyan opposition leaders put the final death toll at between 20 and 50, with scores of others injured.

The game took place last Tuesday, and for several days the government succeeded in hushing up the incident. But by this weekend even the official media were giving a sanitised version over the airwaves, and

yesterday was declared a national day of mourning. Restaurants and hotels were banned from holding large receptions, and state television transmitted all its programmes in black and white.

All league games have been suspended for 40 days, and the two Tripoli teams involved in the game have been disbanded, according to official sources.

The affair is likely to have badly shaken Colonel Gadaffi, since public opposition to his 27-year-old regime is almost unheard of. There have been growing challenges to his authority, notably from Islamic fundamentalists, but they have largely been confined to Libya's second city, Benghazi, in the east, and have rarely manifested themselves in Tripoli.

Libyan opposition groups have reported several violent incidents recently, including a prison riot last week in which eight political prisoners on hunger strike were shot dead.

On the Egyptian border, armed guards have been stopping and searching trucks coming into the country, apparently searching for weapons. Col Gadaffi has ordered that any known fundamentalist leaders should be shot on sight, and scores of suspected opponents of the regime have been forced out of business or arrested.

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ALLIED DUNBAR

BBC denies conflict
The BBC has denied a conflict of interests in the case of its director of comedy, a major shareholder in a leading comedy programme production company. Page 5

Theme park danger
Britons have been working with hazardous chemicals, without adequate protection, on Europe's biggest movie theme park, an *Independent* investigation has found. Page 7

Olive Tree wits
The post-election honeymoon has ended for Italy's ruling left-wing coalition, with the main partner, the PDS, split over its future direction, with members arguing in public. Page 9

Section 1
BUSINESS 11-19
COMMENT 13-15
CROSSWORD 20
LEADING ARTICLES 13
LETTERS 13
OBITUARIES 16
SCIENCE 20

Section 2
ARTS 20-27
DO WE NEED? 8-25
FAMILY LIFE 26-28
LISTINGS 29-36
NETWORK 31-32
TV & RADIO 33-34
WEATHER 35



After Enniskillen: Bomb brought back the horror of Remembrance Day slaughter in 1987

Town shattered by memories

MICHAEL STREETER
Enniskillen

The 1200lb bomb which ripped apart a hotel in Enniskillen was two minutes away from claiming "many lives" police said yesterday.

Speaking after a weekend of savage disorder throughout the province, the RUC chief constable Sir Hugh Annesley condemned the blast as "evil, cowardly and a wanton attack".

The crucial question of who planted the device, near the scene of the 1987 bomb which killed 11 people at a Remembrance Day parade, was still unclear. The IRA denied responsibility, while security sources in Dublin said it was the work of the breakaway faction, Republican Sinn Féin.

Sir Hugh was non-committal about reports that one of the two 30-minute warnings before the explosion mentioned the IRA. The calls were made to the Killyhevlin hotel itself and a Catholic priest, and contained no recognised code words. The IRA also usually phones its warnings to media organisations. One clue to those responsible is that the vehicle which contained the bomb was stolen in Dublin on 3 July.

Detectives said it was too early to say whether the bomb, made of home made explosives, and left in a grey Isuzu Trooper jeep parked seven feet from the hotel entrance, bore the hallmarks of any particular terrorist group.

The explosion, just after midnight, blew away the entire

front section of the building, leaving a 12-foot wide crater and destroying nine parked cars.

The last of the more than 200 hotel guests, including people attending a Catholic wedding reception and two pregnant women, were evacuated across fields just two minutes before it detonated.

Declan McGovern, a hotel worker, said: "We got a phone call to say there was a bomb at the front of the hotel. We had a wedding party and I got hold of the microphone from the bar and told everyone what had happened and asked them to leave quickly and without panic."

Many of those who fled still wore their nightclothes and the blast was heard up to ten miles away. One said: "We only just

got out in time, it was very frightening."

A newly wed couple, Martina McManus and Thaddeus Turbett, were among 17 people taken to hospital where three were later detained suffering from shock.

A police spokesman said: "Had the bomb gone off two minutes earlier there would have been an incredible loss of life. Hotel owner Rodney Watson, who hopes to reopen part of the hotel this week, said it was "a miracle" no one was badly hurt.

Instead of beginning their honeymoon in Tenerife yesterday, the Turbets were coming to terms with being the first bomb victims in Ulster since the IRA ceasefire began in September 1994.

The blast came after escalating scenes of violence in the province, the worst of which occurred in Londonderry over the weekend. Millions of pounds of damage was caused to local businesses by petrol bombs in three nights of intense rioting.

Nearly 2,000 petrol bombs were thrown during Thursday and Friday nights, and although only 200 were thrown during further disturbances early yesterday morning police said the ferocity of attacks was still strong and described scenes there as "absolute madness".

But nationalists in the city, who staged a second protest march last night, accused the RUC and the Army of indiscriminate firing of thousands of plastic baton rounds at demonstrators. Local feeling was fur-

ther inflamed by the death of Catholic factory worker Dermot McShane, 36, who was crushed underneath an armoured vehicle early on Saturday.

Belfast also saw outbreaks of violence early yesterday morning in many Catholic areas including the Ardoyne and The Markets and at one stage an RUC police station was attacked with petrol bombs.

However a nationalist protest of 5,000 people through the Falls Road area passed off peacefully yesterday afternoon.

There were also disturbances in Newry, Downpatrick, Dungiven and Strabane. Ulster Buses said it faced a £5m bill for the destruction of 34 vehicles during the week since the start of the siege of Drumcree in Portadown.

What they said

"What a terrible way to start married life," groom's cousin Eamonn Turbett, after the wedding reception of nurses Thaddeus Turbett and Martina McManus, was ended by the bomb that blew up the Enniskillen Killyhevlin Hotel.

"When you see (DUP leader) Mr Paisley and others saying that they are winners this week that makes me very fearful because, if we're going to sort out the problem in Northern Ireland, there can be no winners and no losers."

"Sadly, regrettably I have to say that I lay the blame fairly and squarely on the British Government. I regret to have to say that, but it is the truth." Cardinal Cahal Daly, Roman Catholic Primate of All Ireland.

"There's only so much that one can argue, and the argument about the maintenance of the moral high ground for loyalism, I'm afraid, is wearing somewhat thin." David Ervine, of the Progressive Unionists.

"I do hope they will keep their ceasefire in being and with all the conviction I can muster I would ask them to do so. The consequences of not doing so would be to return us all to the hell whence we came." Sir Hugh Annesley, head of the RUC.

"The forum was supposed to be there to build understanding and build reconciliation. It wasn't doing that. It's doing quite the opposite." SDLP leader John Hume.

"We have a situation of total lawlessness here." Sinn Féin's chairman, Mitchell McLaughlin.



Attack on peace: Stone-throwing in Londonderry yesterday, one of several outbreaks of violence across Northern Ireland Photograph: David Rose

'What would Gordon Wilson have made of this? I think he would have despaired'

The people of Enniskillen woke up yesterday to find themselves the centre of world attention for the second time in their history; and for the same grim reason, writes Michael Streeter.

A 1200lb bomb which wrecked the Killyhevlin hotel has reopened the scars of 1987. Then, the Remembrance Day massacre of 11 people helped build up momentum for a quest for peace and catapulted Gordon Wilson, whose daughter Marie died there, into the public arena.

The residents of this prosperous Co Fermanagh town

are not hopeful of a similar move today.

"To the outside world Enniskillen is a one story town - that's why these bloody terrorists chose it," said one local Protestant. "It's brought back a lot of painful memories to a town which just wanted to forget."

Tom Moffitt, proudly wearing his Royal British Legion badge, feared the bomb would unleash a loyalist backlash.

"If that happens then we will see the 25 years of Troubles all over again."

Outside the well ordered Enniskillen Methodist church,

the talk was of rising tension in the town. "This is not normally a sectarian town. Protestants and Catholics generally get on okay together. But this won't help," said one congregation member.

At the Catholic St Michael's church 20 yards away the feeling was equally sombre. One churchgoer said: "We're stunned by what happened and people don't quite know what to think about it. But nobody will benefit from this."

Harry Bradley, 54, and his wife Jean, came to Enniskillen for the weekend to escape the

violence in Belfast. He said: "We expected to phone home to see that our family was all right there - instead we have just phoned home to say that we are all right."

Behind him stood the war memorial near the spot where the IRA ripped the heart out of the community in 1987 and which allowed Gordon Wilson, who died last year, to show the world the power of forgiveness and the desire for peace.

"What would Gordon have thought of this?" asked one man rhetorically. "I think even he would have despaired."

Splinter group from Provisionals had been planning armed action

ALAN MURDOCH
Dublin

Gardaí Intelligence sources believe the bomb detonated yesterday outside an Enniskillen hotel was the work of a nationalist splinter group known as Republican Sinn Féin.

The group, which split from the Provisionals in 1986, had been planning armed actions, according to sources.

Their suspicions are based on known attempts by the small organisation to form a military wing. The group last year hosted that it had recruited a number of dissident IRA hardliners opposed to the then Provisional ceasefire declared in September 1994.

At its annual conference in Dublin last November Republican Sinn Féin (RSF), headed by former Provisional leader Ruairi O'Bradaigh, endorsed attacks on British military

Bombers' leader issued earlier threats against the military

targets and made no secret of the existence of a military wing within the group.

That warning came two days after 2,000lb of explosives were discovered south of the border with the Irish Republic in County Monaghan. Security sources linked the find with RSF members.

Ruairi O'Bradaigh maintained the IRA cessation of violence had provided a "window of opportunity" for the more militant splinter group to start a new military campaign against the British presence in Northern Ireland.

Yesterday the IRA issued a statement denying it carried out the Enniskillen attack. Sinn Féin and IRA leaders have been keenly aware of the danger of carrying out bomb attacks

"any surrender of arms obtained by the above."

A Dublin RSF spokesman told The Independent that it had recruited experienced IRA members from units in Belfast, Dublin and Derry. RSF had repeatedly denounced the 1994 IRA ceasefire as a "surrender."

Mr O'Bradaigh maintained the IRA cessation of violence had provided a "window of opportunity" for the more militant splinter group to start a new military campaign against the British presence in Northern Ireland.

Yesterday the IRA issued a statement denying it carried out the Enniskillen attack. Sinn Féin and IRA leaders have been keenly aware of the danger of carrying out bomb attacks

in Northern Ireland which could jeopardise the delicately-balanced Loyalist paramilitary ceasefire and plunge the province into a full-scale civil war.

The nationalist INLA, riven by a violent internal feud and weakened by the seizure outside Dublin in April last year of much of its arsenal, is not believed capable at present of mounting a major bombing campaign.

Gardaí also noted that the Enniskillen bomb came just hours after an IRA appeal for calm, suggesting it would use force only if nationalist areas came under further attack. Sources in Londonderry say known IRA figures early on Friday ordered young would-be-armourists out of a store in the city centre which has been seen something of an economic and tourism renaissance in recent years following extensive restoration.

SIGNIFICANT SHORTS

A tax on all forms of energy will be proposed by the Liberal Democrats today, maintaining the party's distinctive green stance, despite criticisms that it would hit people on lower incomes. Matthew Taylor, the Liberal Democrat environment spokesman, will restate the party's commitment to a "carbon tax" on all forms of energy which contribute to global warming, caused by the accumulation of carbon dioxide in the upper atmosphere.

The proceeds of the carbon tax would be used to cut employers' National Insurance contributions, described as a "tax on jobs", and VAT. The Liberal Democrats voted with Labour to defeat the rise in VAT on domestic gas and electricity two years ago, to charges of hypocrisy that their carbon tax would have the same effect as the Government's proposal. *John Rentoul*

Plans to dig up and recycle a waste tip have been drawn up for the first time in Britain. Berkshire County Council is now considering bids from more than 100 companies around the world to begin mining an almost full landfill site for plastics, glass and metals. The tip, near Bracknell, holds household and commercial waste which, for the last 15 years, has been dumped in a hole left by the extraction of sand and gravel.

If the scheme goes ahead, the semi-rotted waste will be dug up and moved to the remaining vacant spaces on site for mechanical sorting. Recyclable materials will be removed and sold and the remaining waste will be shredded, compacted then re-dumped in the same landfill. *Nicholas Schoon*

American computer programs, which prevent children from accessing pornography and "undesirable information" on the Internet, also bar them from many British sources holding useful or entirely innocent information. Among the British sites which cannot be accessed when using the programs are those for the Prison Lexicon (which provides information about penal reform), the computing department of Queen Mary and Westfield College and Telephone Information Services, which offers weather and share reports.

Between them, the programs - such as Cyber Patrol, Netnanny and CyberSitter - prevent access to tens of thousands of sites on the Internet. But they effectively apply an American system of morals - on religion, weapons, drugs, alcohol and sex - to the data which British children might be expected to know about, or could obtain from newspapers. *Charles Arthur*

A new look summer drink-drive campaign will be launched this week by the Government - without any television commercials. Although the usual amount of money - £1m - is being spent on the campaign, the message will be driven home by radio and posters.

"The idea is to alert people on their way to the pub who will hear anti-drink messages on the radio and see posters by the roadside," said a Department of Transport spokesman. The campaign, which is aimed primarily at 17-24 year olds, will be launched in London on Tuesday by Transport Minister Steven Norris. The posters will show pictures of the same character who featured in last Christmas's drink-drive TV adverts. He was seen being fed by his mother after being terribly injured after drinking and driving.

One person died when a plane crashed at an air show yesterday. The victim was believed to be the pilot of a P38 Lightning fighter aircraft which crashed into a line of stationary planes while carrying out a low-level fly-past at the Imperial War Museum in Duxford, Cambridgeshire.

Thousands of spectators saw the planes burst into flames. They had gone to the former wartime airfield for a display of vintage aircraft. Firemen put out the blaze and tried in vain to release the pilot from the fighter. The driver of a lorry who was passing the airfield on the A505 was reported to be "shaken up but unharmed" after his vehicle was hit by flying debris.

Final-year students are overwhelmingly pro-Labour, according to a survey of 9,153 students at 21 universities, with Oxford and Cambridge exceeded only by Liverpool in their enthusiasm for Tony Blair. Overall, 43 per cent of the students said they intend to vote Labour, a 17-point lead over the Conservatives on 26 per cent, with the Liberal Democrats on 14 per cent. But 73 per cent of students at Liverpool support Labour, as do 56 per cent at both Oxford and Cambridge.

The most pro-Labour universities are Exeter and Southampton, where 40 per cent back John Major, followed by Bath and St Andrews on 35 per cent. The survey was carried out by High Fliers Research during the final week of the spring term. *John Rentoul*

Twelve winners shared Saturday's £21.9m National Lottery rollover jackpot. Winning numbers were 11, 5, 42, 41, 10 and 12, with the bonus ball 2.

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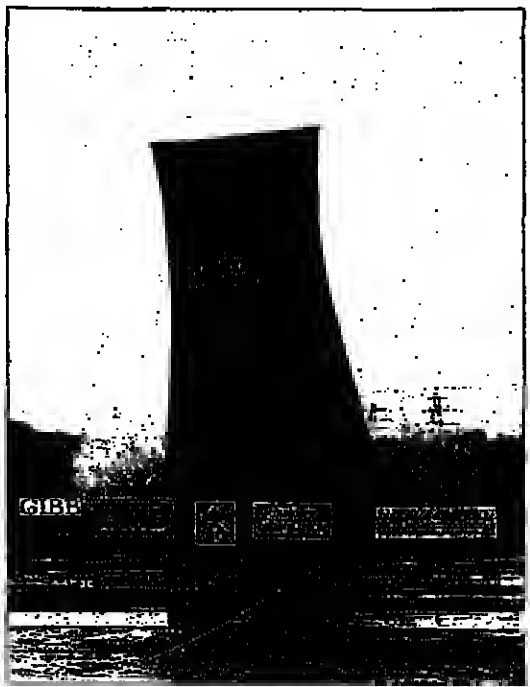
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They huffed and they puffed. They puffed again. But it didn't quite fall down



There were red faces faces at Felindre steelworks near Swansea yesterday when the demolition men arrived to flatten the site which was decommissioned in 1989. At the first attempt to blow up the cooling tower, the charges went off, its legs collapsed but the tower refused to topple. Spectators (right) found the situation amusing. Eventually a crane and ball had to be employed to bring the tower to the ground. Photographs: Huw Evans

Hillsborough police challenge court ruling

PATRICIA WYNN DAVIES
Legal Affairs Editor

Six police officers who became psychologically ill because of the 1989 Hillsborough football stadium tragedy will today seek to establish a legal right to compensation in a landmark case before the Court of Appeal.

The six officers, most of whom tended to injured and dying fans on the pitch and bodies in a temporary mortuary, are challenging a High Court ruling

last year that the role they played during the horror did not entitle them to damages, despite an admission of negligence by the three defendants in the action – the South Yorkshire Football Club, and the engineers Eastwood & Partners.

The ruling, by Mr Justice Waller at the High Court in Sheffield, contrasts with last month's £1.2m out-of-court settlement for 14 other officers involved in the disaster, on 15 April 1989, which claimed 96

lives. They fought to rescue Liverpool fans from being crushed to death in the mayhem within the pens at the Leppings Lane end of the Hillsborough ground.

The six – PC Mark Bairstow, 46; PC Anthony Beavis, 48; PC Geoffrey Glave, 46; DC Ronald Hallam, 47; Sgt Janet Smith; and Insp Henry White – who all fell victim to post-traumatic stress disorder, will argue that the judge was wrong to rule they were not close enough to the rescue scene and had not

been placed beyond the normal call of duty.

The validity of another 17 officers' claims – and any future one by emergency service members – turns on the outcome of today's test case. Simon Allen, of the solicitors Russell Jones & Walker – which is handling the cases on behalf of the Police Federation – said: "Why should it make any difference, whether officers dealt with dying or dead people inside or outside the pens? It is an incredibly artificial distinction. Some of the

six gave mouth-to-mouth resuscitation.

"Like the 14, they accepted the normal risks of their service but were faced with dealing with the quite exceptional and gruesome consequences of the negligent actions of others, for which they were in no way responsible."

A ruling for the officers will be bound to reopen wounds among bereaved families, many of whom received only modest compensation or none at all.

A PC's story, page 14

Clarke aims at £3.9bn public spending cut

DIANE COYLE
Economics Editor

Kenneth Clarke, the Chancellor of the Exchequer, is aiming for a cut of £3 billion to £5 billion in public spending next year to pay for tax cuts and highlight the Conservatives' long-term aim of shrinking the public sector.

Independent economists assumed that last week's worse-than-expected Government borrowing figures would rule out tax cuts, but ministers are determined to make a firm pre-election promise of lower taxes paid for by savings achieved in the present round of talks between the Treasury and spending ministers.

The prospect of tax cuts is regarded as so electorally essential that Treasury ministers hope they will act as a strong discipline in the annual ritual of the spending round, already well under way.

The Cabinet is due to decide the overall level of spending cuts when it meets on Thursday. Ministers held the first pre-Budget meeting with officials at Chevening, the Foreign Secretary's country residence, on Friday and Saturday to discuss the scope for reductions in the existing expenditure plans.

Cuts of up to £3bn have been earmarked because inflation has turned out lower than expected over the past year. That means that the same level of spending in real terms can be achieved with less cash.

However, ministers also want to emphasise their philosophical shift on the size of the state – a shift they accept many New Labour politicians have also made. The Government is seeking further "sensible" spending cuts this year as a first step on the road to cutting back the public sector. With the resultant savings, they hope to reduce taxes

expenditure in the economy from its 42 per cent (and the 40.25 per cent projected for 1997-98) to less than 35 per cent.

The Government sees this as consistent with protecting fundamental public services such as health and education, arguing that, for example, the massive expansion of higher education in the 1960s took place when the state was much smaller. This implies that most of the long-term adjustment would entail shrinking social security spending, which accounts for nearly one-third of all government spending. Tony Blair has said that a Labour Government's aim would also be to shift resources from welfare to education spending.

Behind the ritual posturing, the present spending round is as difficult as any other. Every spending department was asked not to submit their usual annual letter bidding for funds, several did so anyway.

Some departments face acute pressures on their budgets, including the Ministry of Agriculture – due to the beef crisis – the Home Office, because of growing prison costs, and Education, where Gillian Shephard argues that a generous settlement is critical in an election year.

The Treasury believes there is scope for cuts across government, including further reductions in Whitehall running costs. Last week it raised its forecast for public sector borrowing by more than £4bn to £27bn.



Kenneth Clarke: electoral and policy imperatives

and lessen the uncomfortably high government borrowing requirement.

These cuts are intended to promote the pre-election message that taxpayers can do better than the state when it comes to underwriting their welfare.

Ministers describe the growth in government during the past 30 years as an aberration and want to return it to mid-1960s levels.

That would mean eventually trimming the share of public

Church of England Synod: Members express fears

Royal divorce a shock to evangelical loyalist

ANDREW BROWN
Religious Affairs
Correspondent

A prominent evangelical theologian yesterday broke the embarrassed silence in the Church of England's General Synod about the royal divorce. "We're all fed up with it," said Dr Elaine Storkey, whose husband, Alan, caused a furore last year when he refused to sign a church report that suggested abandoning the phrase "living in sin".

Speaking on the GMTV Sunday Programme, she said: "There's clearly something very wrong" about the prospect of a divorced king who had confessed adultery becoming Supreme Governor of the Church of England.

"If you're asking for my personal opinion, it's an embarrassment. But it's a constitutional issue. As long as the church is the Church of England and established, we have the monarch as the head of the church in titular form and whoever that monarch is, ipso facto, the head of the church: we can't do anything about it."

"So, whatever we think of Prince Charles and his behaviour – and some of us think quite a few things about it – we're still saddled with him as the head of the church because he's going to be the monarch."

Dr Storkey said there was "an enormous loss of respect in the country as a whole and, of

course, in the church, for the Prince of Wales".

Speaking in York, where the Synod is meeting, she said at least five bishops agreed with her, though few would say so in the press. The Bishop of Sodor and Man, the Right Rev Noel Jones, who does not believe in remarriage after divorce, reiterated that he would not feel able to swear an oath of allegiance to a king who had remarried after his divorce.

The Archbishop of Canterbury, Dr George Carey, has set

up a committee to consider the rules governing the remarriage of divorcees, and to strive for a coherent policy. At the moment the Church of England has about 43 policies on the issue, one for each diocese.

A rough sampling of Synod bishop suggests the new rules are unlikely to be liberal enough to let unfaithful husbands marry their mistresses in church.

The Bishop of Rochester, the Right Rev Michael Nazir-Ali, does not discriminate between remarriage and a service of blessing for second marriages, unlike many clergy. But the remarriages he allows must meet stringent conditions. All financial and other wranglings left over from previous marriages must have been settled justly. Someone who has abandoned his or her spouse for a new love may not remarry in church.

In the diocese of Oxford, one of the richest and most populous in the country, the bishop, the Right Rev Richard Harries, leaves these decisions entirely up to the consciences of the clergy involved, though there are two pages of diocesan guidelines. Most, he says, prefer to use a service of blessing rather than a full remarriage. He himself has only remarried a divorced man once – a friend of his who was also a priest.



Prince Charles: Has lost respect in the church

There were eloquent evangelical protests against the Doctrine Commission's report, *The Mystery of Salvation*, on the ground that it dealt more with salvation than damnation and did not state clearly enough its beliefs about members of other faiths.

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JP 11/10/96

Top BBC man has shares in comedy shows

Conflict of interest denied

CHRIS BLACKHURST

A senior BBC executive is a major shareholder in a leading independent production company, which makes several of the corporation's most popular programmes.

Geoffrey Perkins, head of comedy for BBC TV, holds a 25 per cent stake in Hat Trick Productions, a company which is currently at the centre of an internal inquiry by the corporation for alleged financial irregularities in the making of its hit show, *Have I Got News For You*.

When Mr Perkins, a successful producer, left Hat Trick last year he gave up his directorship of the company, but he did not relinquish his quarter shareholding. Documents at Companies House disclose that he still owns 300 of the 1,200 shares issued by the company which last year made profits of £403,703.

Hat Trick is now the subject of a BBC audit following the leaking of confidential papers which suggest that the company has been over-charging for producing the satirical quiz show *Have I Got News For You*. BBC accountants are examining whether expenses claimed by the company for the show were justified. Hat Trick is understood to be co-operating fully with the BBC accountants. Denise O'Donoghue, a director of the company, said there was no truth in the allegations. "We are clean, we run a very clean company," she said, adding that she was confident the accusations would be fully dealt with.

According to Ms O'Donoghue, Hat Trick is the target of a smear campaign by an ex-employee. Today, the company

will attempt to secure an injunction in the courts preventing the former member of staff attacking them further.

While Mr Perkins is not linked to the *Have I Got News For You* inquiry - the show falls within the features department, not comedy - his shareholding in Hat Trick has left him open to accusations of a potential conflict of interest.

Ms O'Donoghue said, "Of course, it is a potential conflict of interest", but she claimed, "our success has not depended on knowing the right people."

John Woodward of Pact, the independent producers' association, said that his members had been worried about Mr Perkins' role in judging their output and his ability to influence commissioning decisions.

Mr Woodward said, however, that he understood the BBC had gone out of its way to ensure Mr Perkins was not involved in commissioning Hat Trick programmes. Mr Woodward described the shareholding as "very unusual" - the BBC had been desperate to attract him and Mr Perkins would not give up his shares.

Mr Perkins said that he could not sell the shares because none of his fellow shareholders had wanted to buy them.

A BBC spokeswoman said: "Geoffrey is a huge talent in the comedy field and a huge asset to the BBC." The corporation, she said, had taken steps to ensure that he was not involved in commissioning Hat Trick programmes. She was unable to say when the inquiry into Hat Trick and *Have I Got News For You* would be completed.

BBC's World Service, page 15



Comedy cast: Geoffrey Perkins (Photograph: Andy Lane) and the team from the quiz show *Have I Got News For You* (from left) Ian Hislop, Angus Deayton and Paul Merton

The executive with the talent for raising the best laughs

It is not hard to see why the BBC was so keen to hire Geoffrey Perkins - virtually nobody else in television or radio can match his comedy pedigree and talent for making hit shows, writes Chris Blackhurst.

Mr Perkins, who, helped to found Hat Trick Productions, has been associated with some of the most popular shows of the past decade, including *Drop the Dead Donkey*, *KYTV*, *Spiriting Image*, *Saturday (and Friday)*, *Night Live*, the Harry Enfield programmes, *Clive Anderson Talks Back*, *Whose Line Is It Anyway?* and *The Man from Auntie*. He also produced *Hitchhiker's Guide to the Galaxy* for radio.

With Jimmy Mulville, Mary

Bell and Denise O'Donoghue, he helped found Hat Trick, which became Britain's most successful comedy programme-maker. Last year, the company's four directors shared more than £700,000 in salaries.

Part of the company's recent financial success was derived from *Have I Got News For You*,

for which it charges the BBC £1.2m a series. Company documents indicate that for those who work and appear on the show it is a rich seam. For the video of the show, host Angus Deayton was to be paid £16,400 and panel members Ian Hislop and Paul Merton £11,000 each. Mr Deayton has a clothing al-

lowance of £4,250 with an extra £550 for the Christmas show.

The BBC inquiry is focusing on the claims made by Hat Trick for a whole range of production costs. It does not relate to payments made to the show's stars and there is no suggestion that they knew anything about the

items at the centre of the inquiry.

Mr Perkins said that he did not know "the detailed ins and outs" of the case but said that he understood the sums involved to be tiny. He felt sure that Hat Trick would emerge unblemished.

Mr Perkins and the BBC stressed that the inquiry has not

affected him. Mr Perkins has no dealings with anything concerning Hat Trick. He claimed his position as head of comedy had, if anything, counted against the company. "I do not have a conflict of interest because nothing from Hat Trick that is put up to the BBC ever comes through me."

Tories give benefits their best mail-shot

COLIN BROWN AND JOHN RENTOUL

Hundreds of thousands of homes are to be sent Conservative Party letters warning parents that, if Labour gets into office, they lose £10.80 a week in child benefit.

Tory Central Office will use computer databanks to identify homes with 16-to-18-year-olds in full-time education, whose entitlement to child benefit is under "review" by Labour.

One Labour source said the Tory propaganda drive would speed up its review, which is under attack also within the Labour Party. Another source, close to Gordon Brown, the shadow Chancellor, said the results of the review would probably be published within the next 10 days, but denied that this had anything to do with Tory pressure.

For this age group, the future of child benefit - not paid to the parents of young people who leave school at 16, or to households receiving other benefit - is being discussed by Mr Brown, David Blunkett, Labour's spokesman on education and employment, and Chris Smith, its social security spokesman.

A spokesman for Mr Brown said all three had been surprised by how unfair the existing system was. Mr Brown's intention is to transfer some of the subsidy from the taxpayer to the better off, and increase incentives for the least advantaged teenagers to stay in education or training.

"You can safely assume that the parents of pupils at Eton are hardly in need of child benefit," the spokesman said, implying that some form of parental means test would form part of Labour's plan. But the complex interaction of child benefit, student grants and loans, and welfare benefits had protracted the review process, he said.

Mr Blunkett has proposed an education allowance which could be paid to young people, while Mr Smith is arguing for the allowance to be given to the mother for upkeep, as with existing child benefit.

Ministers believe Labour's "pre-manifesto" published last week ducked the issue because the three could not resolve their differences. That was denied yesterday but a senior Labour source said there was advantage for Labour in speeding up the review to avoid the Tories' "shameless opportunism". An unexpected result of the furor has been a Tory promise to preserve universal child benefit.



Brains, not class, are the key to success

NICHOLAS TIMMINS
Public Policy Editor

Britain is a fairer place than many people think, with job success more dependent on ability and motivation than on social class, according to figures drawn from the National Child Development Study.

The study, which has followed the fortunes of 18,000 people born in March 1958, shows that in 1991, when they were 33, ability and motivation as measured at school, plus qualifications gained, were powerful predictors of the jobs people did.

Parents' social class, housing conditions, whether the child went to a private or state school, and whether parents had high ambitions for their children, were much lesser influences.

"Ability and motivation are the key predictors of lower-working-class success and of middle-class failure," Peter Saunders, Professor of Sociology at the University of Sussex, concludes.

Writing in a pamphlet for the free market think-tank the Institute of Economic Affairs, Professor Saunders says sociologists have been "barking up the wrong tree."

"Occupational selection, by and large, is not rigged," he says. "The dice are not heavily loaded. The game is worth playing, even for those born into the poorest social conditions. If people are increasingly led to believe that the

competition is fixed, then of course they will conclude that it makes no sense for them to join the game. State dependency and criminality are then the only games they can join."

It does, says Professor Saunders, "make some difference whether your father is an unskilled manual worker or a well-paid professional, whether your mother left school at the minimum legal age or stayed on to do exams, whether your parents encouraged you in your school work, whether they tried to motivate you with their ambitions or left you to find your own way, whether you had your own bedroom in which to do your homework."

"The importance of sheer luck should not be overlooked", he says, and nobody can doubt that "inherited privilege still counts for something". But John Major's aim of a "classless society", and Tony Blair's desire to see hard work and effort rewarded, have been achieved to a much greater degree than usually acknowledged.

Professor Saunders concedes that the data on which his conclusions are based are not perfect: some people have been lost to the follow-up studies since 1958, and unemployed, part-time workers and housewives are excluded from his figures. Nonetheless, the study represents "probably the best data set available."

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INSTRUMENTS FOR PROFESSIONALS

Small town celebrates success in challenge against superstore

RICHARD SMITH

One hundred shopkeepers in a historic market town will today step up their fight against an out-of-town superstore which has severely dented their takings.

Traders in Leominster, Hereford and Worcester, are jubilant about the success of a loyalty-card

scheme designed to lure customers back from a Sainsbury store which opened four years ago.

Nearly 8,000 shoppers hold "Loyal to Leominster" cards which can be used to obtain gifts and discounts from shops involved in the campaign launched four months ago.

But now the traders are try-

ing to woo thousands of tourists, who from today can claim a free visitors card entitling them to the same privileges as the locals.

"Tourism is an increasingly important part of our trade and we want visitors to come to us instead of an out-of-town supermarket," the scheme organiser Graham Hurley, 45, who owns

a specialist pork butcher's shop, said.

"Before the loyalty scheme began everyone was talking the town down the drain and saying Leominster was dead. But the scheme has exceeded all expectations by a very wide margin - my turnover is up 40 per cent on last year ... it is opening people's eyes to what is available in the

shops. They've been saying it's cheaper than the supermarket. Each time customers use their loyalty card at Mr Hurley's shop they are given a raffle ticket - the winner drawn each month receives free meat for a year.

Leominster's traders decided to launch the scheme after a local Chamber of Commerce sur-

vey found 35 shops in the town centre were empty and six more had been converted into houses. Two professors from Staffordshire University are studying the experiment to see if it could benefit other towns. An initial survey shows that 42 per cent of traders believe it has brought in more shoppers and 26 per cent claim their cus-

tomers are spending more money.

Already shopkeepers in Newcastle under Lyme, Staffordshire, Ross-on-Wye, Hereford and Worcester, and Belper in Derbyshire are planning similar schemes.

A spokesman for Sainsbury's spokesman, Peter Stich, said: "Before we built our store shop-

pers were leaving in droves to go to other large food stores primarily in Hereford. It is to be welcomed that retailers in Leominster are taking positive steps rather than, as in many places, complaining about the competition. Anything that makes the town a more attractive destination for shoppers is to be welcomed."

Libraries to boost trade with Sunday opening

JOJO MOYES

Britain's libraries look likely to follow the example set by seven-day trading, and begin opening on Sundays.

A trial period of Sunday opening at a library in Woking in Surrey proved to be a huge success, with more than 200 visitors an hour flocking through the doors. Now local authorities and library chiefs are assessing the results of other trial Sunday opening periods in six regions throughout the UK.

According to the Library Association, which represents 25,000 librarians, much of the pressure for libraries to open on the Sabbath came from local shops and businesses.

"The Woking example was interesting because there was pressure from local retailers, who were finding that sales figures were up when the library was open," said a spokeswoman for the Library Association yesterday.

Now all libraries are being encouraged to consider seven-day opening, in a radical attempt to bring them into line with the needs of the future.

"Libraries have suffered from political invisibility, and have not been very good at marketing themselves."

"But, as this shows, they're now changing that," the spokeswoman said.

Previous research has shown that libraries can prove to be an important focal point for the community, being places in which all sectors of the community feels comfortable.

They are also being seen as an important part of the information "revolution".

She pointed to the example of the computer mogul Bill Gates, owner of Microsoft and one of the richest men in the world, who was funding the provision of computers in libraries in the United

States in the hope of boosting the availability of information.

A new bid was under way to fund a similar project in the UK. "[Bill Gates] sees them as by far the best place to bridge the gap between the information rich and the information poor," she said.

The three-month trial in Woking revealed that the town's library received almost as many visitors on a Sunday as on a weekday, despite being open only from 1.30pm to 5.30pm. The added feeling of "relaxation" on a Sunday was said to be a big factor in users' tendency to browse.

Many first-time users said they were too busy to visit the library during the week, while others were attracted by the free Sunday parking in the town. Survey evidence showed that after a few weeks, a core of regular Sunday users began to develop.

County councillors support the library's desire to open on Sunday every week, but say that there is not enough cash to fund the move without reducing the level of service at other times.

Library chiefs are hoping to pay for the extra hours by seeking sponsorship from the town centre's stores, which will benefit from increased numbers of potential shoppers on Sundays.

It is a move likely to be followed by other libraries around the country. Librarians in the London boroughs of Westminster, Newham, Brent and Barking, as well as Knowsley in Merseyside, are also experimenting with Sunday opening.

But Mr Shimmion added that because of poor funding, it was necessary for library staff to research their optimum hours carefully. He added that as with other Sunday openings, staff should not be forced to work on Sundays.



Stretching out: The Rambert dance company rehearsing *Quicksilver*, based on the life of Rambert founder, Marie Rambert, at London's Coliseum Photograph: Laurie Lewis

Psychiatrists 'on the edge' as care crisis worsens

GLENDA COOPER

"A state of deep crisis", "intolerable risk", "working on the edge". This is how psychiatrists describe care in the community in Britain.

Last week Professor Chris Thompson, registrar of the Royal College of Psychiatrists, spoke of "an upsurge of years of frustration" when its AGM overwhelmingly supported a resolution severely criticising the shortage of acute beds for the mentally ill.

It was only the third time in 25 years that such a resolution had been passed. The previous two had condemned foreign governments.

A conference of senior psychiatrists in London last week highlighted the difficulties they faced. Jeremy Coid, Professor in forensic psychiatry at St Bartholomew's, London, described the present system as a "great trundling wheel rolling in the wrong direction". Dr Trevor Turner, a consultant psychiatrist at Barts and Homerton, said simply that care in the community was an "oxymoron".

The number of hospital beds for the mentally ill has steadily declined since 1957 when there were more than 140,000. Now there are just over 40,000.

Prof Thompson said almost every acute ward in the country had occupancy levels of more than 100 per cent and in London it could reach 140 per cent. The result is the "revolving door" syndrome where patients are discharged early only to return. "The revolving door is spinning faster and faster," said Prof Coid.

Emergency admissions are becoming the norm. Last month the Department of Health revealed a spectacular rise in the number of patients detained under the Mental Health Act because they are a

danger to themselves or others. In the five years to 1994-5 the numbers admitted rose by 55 per cent to 27,100. Voluntary admissions also rose 29 per cent.

"You're constantly working on the edge," he said. "But the pressure on beds means there is pressure to discharge people as soon as they're better. Some of our nurses say as soon as patients can talk to them they have to be discharged."

Faced with this situation, recruitment has become difficult. Dr Mike Harris, medical director of the independent Northampton hospital, St Andrews, estimated that in some areas as many as one in five consultancy posts are going unfilled.

While the RCP endorsed new measures in February by the Secretary of State for Health, Stephen Dorrell, it feels it is not enough. The resolution called for a moratorium on bed closures, an inspectorate to oversee trained staff in community-based developments and districts in England and Wales to produce a plan for comprehensive mental health care to be implemented within three years.

Otherwise, the profession feels, Dr Turner's account of "working on the edge" will continue.



Full up: Beds are scarce

Day of danger for a stressed doctor

By Sam on Friday, Dr Martin Deahl, a consultant psychiatrist at Homerton and Barts hospitals, London, is in his office.

An hour later he is on his round of the acute ward: "We have 17 beds and 29 people needing them," he says. "Last year I admitted 460 people, all seriously disturbed ... People have to leave as quickly as they can, to make room for a more disturbed person."

He skips lunch to go straight to the emergency clinic, pursued by patients and relatives.

Meanwhile, he receives a call. A schizophrenic patient has

stopped taking his medication and is "going berserk in the community". "I'm physically too busy to do anything about it, so I have to send a junior doctor down to find this 6ft 6in huge guy ... [he] abuses drugs and is very dangerous when he is ill."

Dr Deahl is now 15 minutes late for a case conference for a patient who self-abuses. "When I turn up late it seems as if I'm not taking her case seriously."

Driving through London in heavy traffic, he is late for another meeting, this time with a

schizophrenic and a council housing officer who is threatening to evict him because of complaints from the neighbours: "If this man is evicted ... he stress will lead to a breakdown, putting him back on the ward, and when he gets out he will have nowhere to live."

Dr Deahl fills in forms for the admissions he has made, and leaves at around 6.30pm - nearly 11 hours after he started out.

"I'm 39, and I already know my retirement date: 29 September 2014. That says something about morale, if you know it off by heart," he says.

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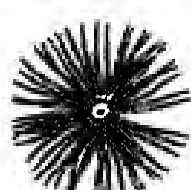
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Safety scare: Artists exposed to dangerous work practices and hazardous materials

Britons at risk in Germany's Hollywood

JASON BENNETTO

British artists have been working with hazardous materials, including chemicals suspected of causing cancer, on Europe's biggest movie theme park.

An *Independent* investigation has discovered that dozens, possibly hundreds, of Britons have been working without adequate protection and with little or no training.

Warner Brothers, which owns the £200m Movie World park near Düsseldorf in north Germany, and ICI, which supplied some of the chemicals, are inquiring into the allegations.

The *Independent* has established that several workers have been injured. Others are worried that they may have suffered long-term damage after working next to toxic substances without protective clothing.

Despite assurances from the contractors and from Warner Brothers that the park was tightly policed, and that all employees followed set regulations, an *Independent* journalist was able to walk unchallenged onto the site, where he witnessed dangerous practices.

Warner Brothers' 40-hectare Movie World opened a fortnight ago. It features funfair rides and other attractions based on blockbusters such as *Batman*, *Bugs Bunny* and *Superman*. Warner Brothers is planning



to build a similar £225m film and television complex and theme park in west London.

During the German project, artists worked at least 60 hours a week – some worked 90 hours – for £7.50 an hour. Many have complained that they spent much of their time on repetitive manual work, rather than the creative work promised.

Mivan Ltd, an Irish sub-contractor with 4,000 employees, built much of the scenery. About 1,500 people, many of them labourers, were flown to Germany. Many left prematurely because of the conditions.

More than a dozen employees told the *Independent* that after little or no training they were expected to use electrical equipment such as chain saws and grinders, sometimes in the rain.

Many artists ground blocks of foam into scenery. A fireproof layer was then sprayed on and painted. Both layers contain the chemical diphenylmethane diisocyanate (MDI), which causes tumours in tests on animals.

The ICI hazard labels on barrels of MDI warn that it is "harmful by inhalation, may cause sensitisation by inhalation,"

irritating to eyes, respiratory system and skin".

Some artists said they had to make do with paper masks.

Peter Drillingcourt, Mivan's group health and safety manager, said that his supervisors were instructed to follow safety regulations, and that safety equipment was available, but conceded that: "Not everything was perfect."

Joe Meck, general manager of WB Movie World, added: "We are very concerned. We do not condone safety violations."



The healing has begun: A service yesterday at St Luke's Church, Wolverhampton, for victims of the school machete attack Photograph: Steve Hill

'The site would have been closed down in the UK'

JASON BENNETTO and GRAHAM BALL

For hundreds of graduates and artists struggling to find work in Britain the offer of at least six weeks sculpting and painting on a prestigious theme park in Germany seemed too good an opportunity to miss.

Responding to an advertisement in the London *Evening Standard* they agreed to the £7.50-an-hour fee, with free food, lodging and flight. Work started immediately.

Over the next 12 months the artists, most of whom were graduates in their 20s and early 30s with degrees in subjects such as fine arts and design, transformed a vast building site in the Ruhr Valley into Warner Brothers Movie World.

But far from being a magical experience, for many of the artists it became a dangerous and exhausting endurance.

They tell a tale of leak conditions in which they worked a minimum of 60 hours a week and had to use tools such as

chainsaws and grinders without the proper supply of vital protective equipment and clothing.

They also reveal a lifestyle in which people were crammed into tiny portable cabins, of poor food, widespread drug taking and excessive drinking.

Perhaps most disturbing was the practice of unprotected scenic artists working next to contractors spraying a foam which contains a chemical that is very hazardous to the throat and eyes and is suspected of causing cancer. ICI, which manufactures part of the foam, has strict guidelines about its use. However artists have told of numerous times when they were not given the proper protective masks and goggles.

Many of them have complained of injuries and infections to eyes and throats.

Lynne Caldwell, 21, a mathematics graduate, with no experience of power tools, was handed a grinder on her first day at work and told to start moulding the hard foam. Within minutes it jumped and cut her leg which oozed 15 stitches. She said: "None of us had ever seen a grinder before, I wouldn't touch one now I know how dangerous it is."

Julia Clow, 37, a fine arts graduate, said: "As soon as I arrived I was handed a chainsaw and told to use it [to cut polystyrene]."

"I was appalled. It was so heavy I could hardly lift it. I was given no instruction and their appeared to be no regard for health and safety regulations."

Hard hats were often unavailable, according to the artists, and when the *Independent* visited the site only the supervisors were wearing them.

Sarah, a scenic artist with a degree in fine art, heard she could earn some fast money working through a college friend. Within a few days she was on the plane to Germany.

When she arrived she was taken to her new home, dozens of cabins stacked on top of each other, which was at the centre of the park. Here she would remain for five weeks.

Her day started at about 6am with breakfast. Work began at 6.30am with a 15-minute break at 9.30. Lunch – sandwiches and fruit – was at 12.30. The 45-minute break was deducted from the wages. The day officially finished at 6.45.

On her first day, Sarah (not her real name) she was told to start covering with foil the metal rods that form the skeletons of huge pieces of scenery.

"There was no safety training and masks and goggles often ran out... Experienced workmen out there said the site would have been closed down in 10 minutes if it was in the UK."

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Risky business: A worker at the theme park

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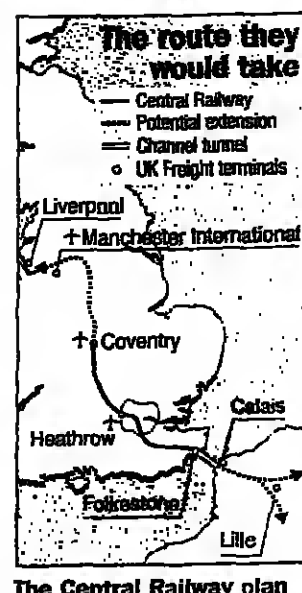
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Uphill puff for the great railway vision



A so-called piggy-back train in the United States. The new company believes such trains are money-spinners



The Central Railway plan

CHRISTIAN WOLMAR
Transport Correspondent

An ambitious plan to build the first major railway line in Britain for nearly a century is running into trouble after a tide of opposition from residents and local authorities.

The Department of Transport has been inundated with 13,000 letters opposing the line, which would carry freight from the east Midlands to the mouth of the Channel tunnel. It has received only 300 letters in support despite a generous compensation offer by the developer.

Central Railway, a private company which last year raised "several million pounds" to produce a plan for the railway, has put forward a £3bn scheme for a 180-mile new line which includes a 6-mile tunnel under

London. The scheme is to be discussed in Parliament before the recess, probably on 24 July, under a new procedure for major infrastructure projects, the Transport and Works Act 1992.

The line would start in Leicester and would carry lorries which would otherwise use motorways and other roads. It will be fed by two terminals, one near Rugby and the M1/M6 junction, the other near Denham in Buckinghamshire for traffic from the M40, M4 and M25.

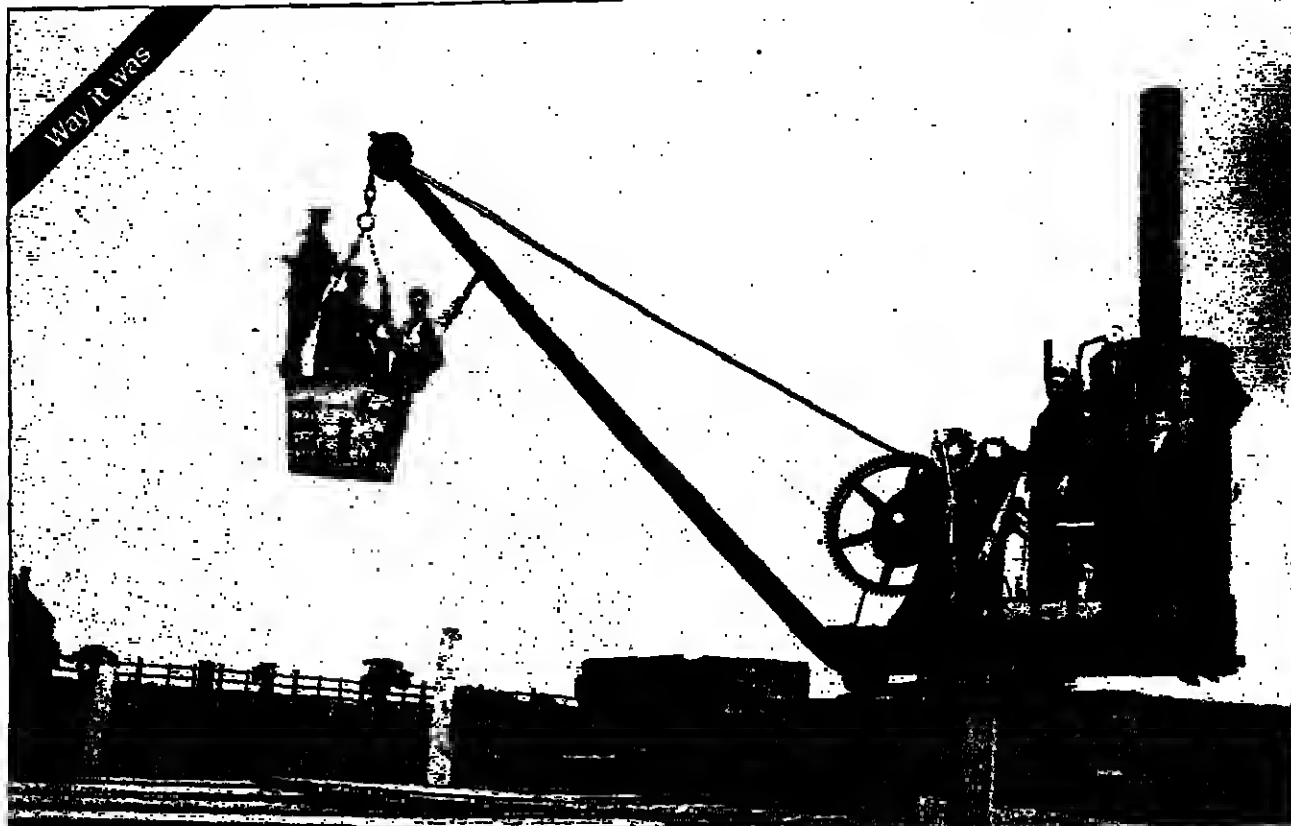
The northern part of the route will use the bed of the old Great Central Railway, the last major line built in Britain which was closed as a result of the Beeching cuts in the Sixties and Seventies. It would then link up with the Chiltern Line, veering off through west London in a tunnel between Kensington

Olympia and Streatham in the south-west, and then, apart from a tunnel under the North Downs, it will run along existing track to the Channel tunnel.

Although the line would be mainly for freight, there is also a plan to build a Motorail terminal at White City in west London. By 2020, it would carry 160 trains each day.

But unprecedented opposition means that the project is unlikely to go ahead. Although government ministers are duty bound to present it to Parliament, the Tories have remained neutral in what will be a free vote and the front benches of both Labour and the Liberal Democrats are against it.

On the face of it, the concerted opposition seems odd as putting more freight on rail is supported by all three parties. However,



Building the Great Central Railway in 1899. The new line would follow much of its former track

as Matthew Carrington, MP for Fulham, put it, "Everyone wants to see more freight off the roads but when proposing to put a line in the wrong place, the effects are catastrophic."

In Willoughby, Leicestershire, Doug Dodds is typical of the opponents. He lives in an old station house right next to the line and says it would devastate his

smallholding: "We have lived here for 30 years and this would ruin us." He added: "that they could be 'blighted for years by a scheme that may not happen'."

Iain Sim, deputy planning director of Croxson, says that 62 houses and 40 offices or factories would have to be demolished in the borough and another 130 properties might become uninhabitable. The council is highly critical of the lack of detail in Central Railway's plans and the company's failure to consider the environmental effects of the project.

Roy Marshall who lives in a street in south Croxson where 20 houses would have to be demolished, said: "Central have offered to buy houses for 25 per cent over the value and to pay

£3,000 removal costs but most people just don't want to move."

Opponents point to an alternative scheme to take lorry trailers on rail put forward by the Piggyback Consortium, a group of companies with rail interests including Eurotunnel. Their plan is to upgrade the West Coast Main Line at a cost of around £300m to allow freight to run from Glasgow, Manchester and Birmingham through the tunnel to the Channel. Others question why the line would go through central London.

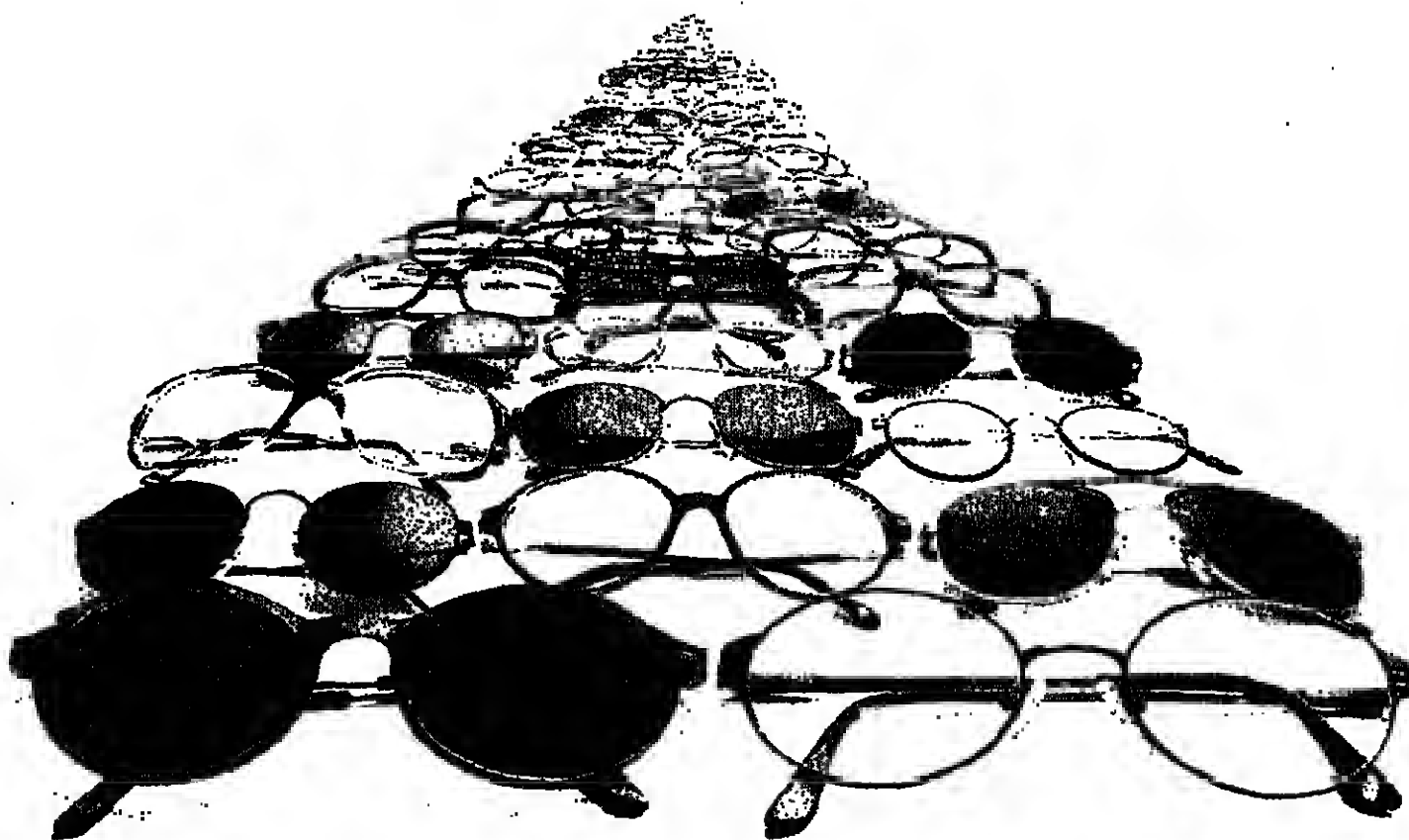
Central Railway's business plan has been questioned in a report by Ove Arup commissioned by the 33 local authorities affected. It suggests the construction cost would be more than 50 per cent above

Central's estimate and the revenue for 2010 has been overestimated by nearly £300m.

However, Andrew Gritten, chairman of Central Railway plc is undaunted. He has just written to every member of Parliament and feels that most of the opposition is a result of Nimbysism and of vested interests within the rail industry. He said: "You have to look at it in terms of national interest. There is a lot of support in getting freight off the roads." He added that many in the rail industry were worried about the new competition.

The issue is set to be debated just before the parliamentary recess. Mr Gritten admitted that if the plan were defeated in Parliament, the scheme would probably be dropped.

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OPTICIANS

Temporary life: Short-term contracts become norm

Temps take over the British workplace

PATRICK TOOHER

Demand for temporary staff is growing faster than at any time since the peak of the economic boom almost a decade ago and is now at its highest level since records began, according to Britain's biggest employment agency.

In a report published today, Reed Personnel Services says that employers continue to rely more heavily on temporary staff than permanent staff - with adverse consequences for the long-term health of the British economy.

Figures for the second quarter of 1996 show that demand for temps jumped by 13 per cent compared with the first three months of the year, making it the largest single quarterly increase since 1987. Demand for permanent staff also continued to grow, but only by 5 per cent over the same period.

The changing nature of the British workplace as employers turn to temporary staff in large numbers has worrying implications for the labour market, according to Alec Reed, executive chairman of Reed Personnel Services, which runs 200 branches across the United Kingdom.

"As demand for temporary staff continues its steep rise, skills shortages are becoming acute," he warns. Mr Reed



Job search: The workplace is changing as employers increasingly seek temporary staff. Photograph: Edward Sykes

renewed his call for improvements to be made to the status of temps.

In particular, he wants provisions to be made to ensure that temporary staff receive the levels of training, support, sick pay and holiday pay that are automatically given to permanent staff.

"Employers need to realise that pay and benefits for these staff need to be at least in line with the going rate for permanent staff."

"This is proving essential to retain the advantages of high

standards combined with flexibility which today's workforce can offer."

Demand for temporary staff rose by 23 per cent year-on-year and now stands at its highest level since Reed began compiling its index in 1982. The index is now 38 per cent higher than its peak in the boom year of 1987.

Mr Reed predicts that demand for permanent staff, which has shown a steady, underlying growth since the depths of the recession four years ago, will return to 1990 levels within two years.

Hard going for graduates

BARRIE CLEMENT
Labour Editor

Graduates are finding it increasingly difficult to find permanent jobs and many are forced to take temporary employment as a route to a career.

Three years after leaving university one in three degree holders were on fixed-term contracts, almost half of which were less than a year in duration, according to an inquiry by the Institute of Employment Studies.

While the majority were in higher skilled occupations, significant numbers were in clerical, sales and jobs involving personal services. Only 6 per cent were self-employed, but some 40 per cent worked for small firms with fewer than 200 employees - an increasing trend over the last five years.

Only one in four moved straight into a permanent post immediately after graduating. Those with applied science de-

grees, including engineering, were almost twice as likely than others to be in continuous permanent employment over the first three years.

Helen Connor, project director at the institute, said that temporary work was often a route into a permanent job for less well-qualified graduates. Some three-quarters found employment in the service sector including a third in publicly funded organisations. Teaching was the biggest single category.

Three years after leaving university, graduates were earning a wide range of salaries. Only one in ten was paid more than £20,000 a year with five out of ten receiving less than £14,000. The highest salaries were earned by those with mathematics and information technology degrees.

Three years after graduation four out of five considered their job to be broadly at graduate level, but only just over a half said that a degree was a formal entry requirement.

More than half considered themselves "under-employed", including one-quarter who thought that they were "very under-employed".

Ms Connor said the survey, which covered 1,000 former students at the University of Sussex, found that the jobs market had become more polarised with some degree holders continuing to find highly skilled, well-paid secure jobs, while large numbers had to make do with lower-skilled, often temporary employment, at least initially.

Richard Pearson, director of the institute, said that the situation was the result of the move towards a mass higher education system with a bigger, more diverse student population.

In some cases graduates were displacing less-qualified candidates and adding new value to the jobs. In other cases, however, they felt "frustrated" because they believed that their university training was not being fully used.

July 15 1996

Italy's Olive Tree coalition begins to crack

ANDREW GUMBEL
Rome

Having taken 50 years to reach power, one might have thought the Italian left would be content to govern in peace, concentrate on lasting the full five-year parliamentary term, introduce real and lasting reforms, and above all avoid the kind of fratricidal inter-party squabbling that undid so many coalition governments in the bad old days of the Cold War.

None of the winners of

April's general election would dispute that aim, at least in theory. But the spectacle of Italian politics over the past week or so tells a very different story: brought up with the culture of the old system, the centre-left parties who make up the governing Olive Tree coalition just cannot seem to resist lunging for each other's throats.

It is as though the old rhythm of Italian politics, whereby governments would start falling apart within a few weeks and collapse in less than a year, was

still ticking inside politicians' heads. The main governing party, the left-wing PDS, is split over the future direction of the party. The Communist far left is successfully applying pressure on the government over the economy, to the fury of the centre. And the centre itself cannot decide if it wants to stay indefinitely in the ruling coalition or else try to establish a revamped version of the old Christian Democrat party.

The result of these disputes is not chaos – yet – but still makes

for a depressing spectacle when the government is barely out of the starting blocks. "The honeymoon is over," Prime Minister Romano Prodi admitted yesterday. "Usually such things last six months, but in our case we got no more than five weeks."

Partly, the rifts have been

best way to shed the last vestiges of its Communist past.

One faction, led by Deputy Prime Minister Walter Veltroni, advocates converting the Olive Tree coalition into an Italian equivalent of the United States Democrat Party. The PDS's secretary, Massimo D'Alema, meanwhile, wants to dump the hammer-and-sickle insignia in the party logo and broaden its outlook, but he has insisted on maintaining separate identities for the left and the centre.

This might seem an arcane ar-

gument, and would no doubt have created few waves had the PDS still been in opposition, but coming from the ranks of the government in the volatile political culture of modern Italy, it is proving unnervingly divisive.

Then, in the early days of last week, came the first serious policy dispute, over the economy. Mr Prodi presented a two-year programme intended to rein in the country's calamitous public finances and prepare as rapidly as possible for European monetary union. Almost immedi-

ately, the far-left Rifondazione Comunista, on which the government depends to make up a majority in the Chamber of Deputies, objected to planned wage constraints on public sector workers and, after engineering defeats for the programme in six parliamentary committees, successfully negotiated a looser deal.

This in turn provoked howls of protest from business leaders and the political centre, since the success of Italy's austerity programme depends on keeping in-

flation under control. The numbers involved were scarcely shocking – the dispute was over a 3 per cent versus a 2.5 per cent ceiling for wage rises – but the political fall-out was palpable.

It was a chastened Mr Prodi, "I too can sense the rise in temperature," he said, "but this is an old fever contracted during the old days which can no longer do so much harm because we now have new antibodies." Then he added: "The truce is over, and from now on we can count only on ourselves."

Kohl's 'Wunderkind' takes a risk too far

IMRE KARACS
Bonn

An unpaid telephone bill for 10,375 Hong Kong dollars (\$885) and a flurry of bouncing cheques have punctured the reputation of Germany's most successful young entrepreneur, the "Wunderkind" held up by Chancellor Helmut Kohl as the ideal role model for the nation's youth.

Lars Windhorst, 19-year-old founder of a trading company spanning the globe, was described by Mr Kohl earlier this year as the kind of teenager Germany needs: "Eighteen- and nineteen-year-olds who don't count on their pensions, but follow their dreams, take risks and go out into the world."

Mr Windhorst has certainly done that, setting up offices in the Far East, competing with the Asian Tigers in their own jungle. He has taken risks, too, and it seems, some liberties. According to reports in the German press, Mr Windhorst's DM300m (£131m) empire may be no more than a Potemkin village, constructed out of flimsy balance sheets that have masked the true value of his holdings.

Mr Windhorst, under investigation for his accounting practices, denies he is experiencing cash-flow problems. Failure to settle the phone bill of his Hong Kong office was an oversight, he says; the dishonoured cheques the result of a mix-up. But *Stern* magazine, which carries the photograph of a bank statement revealing the lamentable fi-

nances of the Far East subsidiary, reports that the account has been dipping into the red since March. "Has the Wunderkind bubble burst?" the German press wonders, and has Mr Windhorst been entirely truthful about his company's finances? One thing appears certain: the 55-storey Windhorst Tower, to be erected in Ho Chi Minh City, has not yet received planning permission.



Lars Windhorst: Denies he has cash-flow problems

from the Vietnamese authorities – a fact Mr Windhorst omitted to mention when he touted the project in Bonn in January.

Whether Mr Windhorst is an innocent victim of the deteriorating terms of trade or, as the German press suggests, a hyper-merchant finally exposed, the controversy is highly embarrassing to Mr Kohl. Mr Windhorst was the star of a trade delegation that accompanied the Chancellor on his Far East

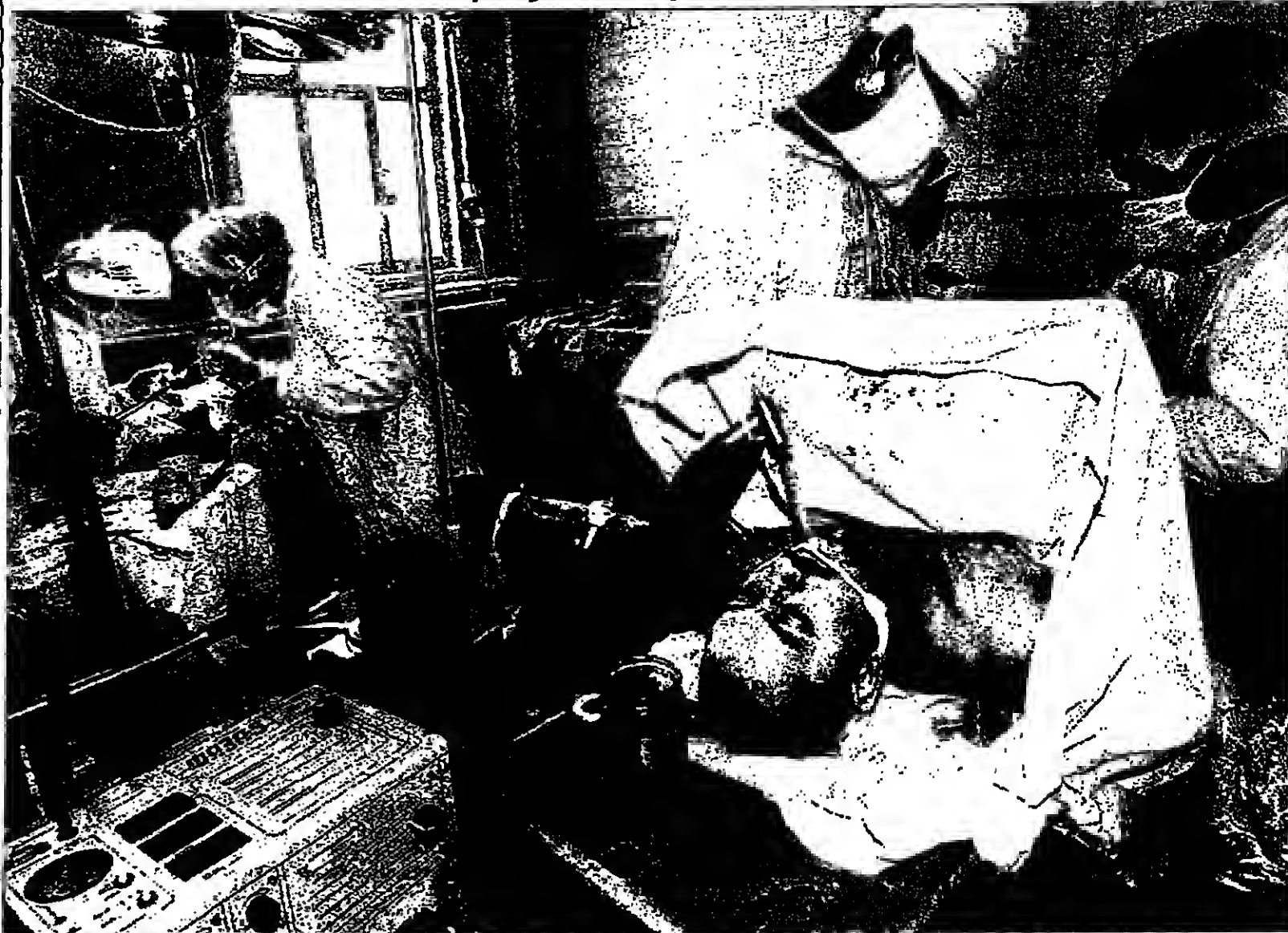
tour last November. He was the young man everybody wanted to meet: a living proof of the spirit of free enterprise nurtured by the conservative government.

Mr Windhorst had the sort of CV budding tycoons could only dream of. The son of a shopkeeper, at the age of 10 Lars was reading the business daily *Handelsblau*. He launched his career in high finance by investing his pocket money into shares. By the age of 14 he was building computers and writing software in his father's garage in the north German town of Rahlstedt. A year later he flew to China to buy cheap computer components which were then assembled by his schoolmates and sold in his father's stationery shop. At 16 the boy dropped out of school and went into business with a Chinese entrepreneur based in Germany.

In the past three years the cottage industry has mushroomed into a world-wide concern, with offices in Wall Street and Hong Kong, interests in property, computers, advertising and business consultancy, and an estimated annual turnover of DM300m. He had become, in the words of a Hong Kong fan, a "one-man economic miracle".

Or maybe not. If the Windhorst empire collapses, many Germans will draw the depressing conclusion that economic miracles no longer happen in their country, and Mr Kohl might have to start advising young people to stay put and keep paying those pension contributions.

Chechen civilians pay the price of Russian air raids



Doctors operating on some of the 72 civilians wounded at the weekend in Russian air attacks on the Chechen town of Gekhi in which 15 townspeople were reported killed and hundreds of homes were destroyed. Russian troops lifted their blockade of the town yesterday allowing locals to bury their dead. Witnesses saw four burned-out Russian armoured vehicles. Some 32 Chechen fighters were reported killed in the four-day battle. The upsurge in fighting has contrasted starkly with President Boris Yeltsin's pledges to end the war. Photograph: AFP

Mugabe set to marry his former secretary

Harare, Zimbabwe (AP) — President Robert Mugabe plans a church wedding next month to his former secretary, the state-controlled *Sunday Mail* reported.

Grace Marufu is already married to Mugabe under African traditional law that allowed him to take her as a junior wife

while his first wife, Sally, was still alive. Sally Mugabe died in 1991 of a chronic kidney ailment. Marufu, 42, and Mugabe, 72, have a daughter, 9-year-old Bona, and a son, 7-year-old Robert Jr. Mugabe's only child by Sally died in infancy.

Archbishop Patrick Chakapi

pa, head of the Roman Catholic Church in Zimbabwe, confirmed that preparations were being made for a mid-August wedding. Mugabe's ruling Zimbabwe African National Union Patriotic Front was expected to make the event a gala national celebration. Reports of a planned church

wedding indicate Mr Mugabe has smoothed over differences with Catholic leaders who had criticized his relationship with Marufu.

Three journalists were convicted of "criminal defamation" for reporting last year that Mr Mugabe and Ms Marufu had been married in secret.

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Tetchy Chirac defends record

MARY DEJEVSKY
Paris

France celebrated its national holiday, Bastille Day, yesterday with the traditional military parade, presidential address, champagne and fireworks, but without the confidence and singleness of national purpose that had marked last year's festivities one month after Jacques Chirac's inauguration as President. Even the weather conspired to depress the mood, with sombre skies dimming the luminous colours of the parade.

The South African President, Nelson Mandela, was warmly applauded as guest of honour, but he walked with difficulty up the steps to his place in the official stand, and looked frail after standing - like his host - for the best part of the 90-minute spectacle.

The final event of the military parade, a joint flypast by French and British air force planes above the Champs Elysees, also had something bitter-sweet. For the British, it was a singular

diminution of its self-sufficiency in defence.

Even the usually placid and optimistic President Chirac could not overcome the general mood. Although he gave his address in the form of a live television interview from a specially constructed bower in the leafy grounds of the Elysee Palace, his message was downbeat and betrayed a slight tetchiness. Rather than rallying his fellow countrymen to greater things, Mr Chirac found himself mounting an awkward, point-by-point defence of his record - especially on the proliferation of political corruption cases and the question of judicial independence.

"As long as I am in office," he said, "justice will be done and will be the same for all." He added, however, that the current state of corruption cases in France showed that "times have changed, and morality is more demanding".

Mr Chirac also felt the need to shield his Prime Minister, Alain Juppé, who had come in for renewed criticism in the previous week, including a strong call for his removal in a *Le Monde* newspaper editorial "in order to protect the presidency". Comparing his stated goals with his actual achievements (on jobs and social division for example), the paper said that the adjective he had used against the record of his predecessor, Edouard Balladur, could now be turned on him: "calamitous".

Yesterday, Mr Chirac said defensively that if the government had not been up to its task, he would have drawn the relevant conclusions and said Mr Juppé had done "the best possible job" in very difficult circumstances.

If Mr Juppé was spared, however, a whole collection of others were chided: the banks for keeping interest rates too high, the previous government for not monitoring the banks closely enough (and so precipitating the crises at Credit Lyonnais and Credit Foncier); MPs of the governing coalition for not being dynamic and positive enough; MPs of the opposition for not being "imaginative" enough, and the judiciary for moving "too slowly".

Letters, page 13



Presidents Mandela and Chirac celebrate Bastille Day

coup for the RAF to be invited to take part in the Bastille Day parade, and the first time any foreign force had done so outside the joint Eurocorps. The small contingent of Harriers and Tornados flying in perfect formation cut a particular dash after a display dominated by Mirages.

In France, however, the participation of the eight British planes underlined not just the growing military co-operation with Britain, but the imminence of changes to France's military structures and the



Vive la République: Jets fly over the Arc de Triomphe in Bastille Day celebrations yesterday. Photograph: Michel Euler

Son's corpse exhumed in Menem family feud

PHIL DAVISON
Latin America Correspondent

Carlos (Little Carlos) Menem always liked to travel in style. Playboy son of Argentina's President, he drove racing cars and flew his own helicopter.

Despite his father's wealth, he never really made it on the track. Judging by the official report on his death, he was not the greatest of helicopter pilots either. He flew into a high-voltage power line in March last year, ending his life at the age of 26.

That's the official version. His mother insists he was murdered, that the helicopter was shot down. And she implies that his father, the country's president and her ex-husband, Carlos Menem, was either involved or at least knew who did it.

The mother, Zulema Yoma, has never really explained why Carlos senior or his aides should have had his son and heir killed. She has talked vaguely of "shutting him up for political reasons" or involvement by narco-traffickers.

Many Argentines think she is mentally unstable, a line pushed by Mr Menem himself, although usually with the euphemistic coda: "She's going through the pain of a bereaved mother."

The couple, both originally from the same small town in Syria, went through a messy divorce last year after the president threw her out of the palace.

At dawn on Friday, Little Carlos travelled in style for the last time. Dug up from the Muslim cemetery at San Justo, on the outskirts of Buenos Aires, his body was driven with a 40-vehicle police escort to the capital's morgue.

Ever since his death, his mother had demanded an au-

topsy to prove her murder theory. She said she also wanted to be sure the body buried was really that of her son. President Menem, always insisting it was an accident, finally relented and allowed the exhumation and autopsy by 30 experts in the presence of a federal judge.

After 16 months in the grave, some doubt reigned as to whether the body would be in condition for a fruitful examination. The experts decided it was and studied it for four hours with Mrs Yoma's lawyers present. She herself remained outside, still insisting her son's death was "sabotage that began at the presidential palace".

Earlier, she told reporters that Carlos had received death threats in the weeks before the crash. She and her daughter Zulemita (Little Zulema), 26, who as stand-in First Lady came close to upstaging the Princess of Wales with a mini-skirted appearance by her father's side in Buenos Aires last November, had received similar threats, she said.

"It also took 50 minutes to get Carlos to a hospital whereas it usually takes only eight minutes. He was left unattended for 30 minutes while still alive. And when the life-support machine was switched off, we were not consulted," she said.

Mr Menem, telling friends he was disgusted by the whole affair, left town for the weekend for his home province of La Rioja.

After the autopsy, Carlos's body was returned to the grave. Or, rather, another grave. Mrs Yoma insisted her boy be re-buried not in the Muslim cemetery with Mr Menem's relatives but next to his maternal grandmother. The experts made no comment after the autopsy, saying they would issue their findings in a fortnight or so.



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Israel in turmoil: US visit leaves few options for talks as ultra-religious Jews increase pressure on holy city's secular population

Sabbath riot on the road to orthodoxy

PATRICK COCKBURN
Jerusalem

"It is the Sabbath for you too," shouted a black-coated ultra-orthodox young man as he waved his fist at a helicopter flying over Bar-Ilan street in Jerusalem on Saturday evening. A few minutes later, ultra-orthodox teenagers dragged a man in a red helmet off his motorcycle as he demonstrated his right to drive down Bar-Ilan, a much-used main road in Jerusalem, during the Sabbath.

The battle to close the road is at the centre of the struggle between religious and secular Israelis, because it bisects two deeply religious districts in Jerusalem. In the wake of their successes in the may elections, the ultra-orthodox, or Haredim, hope they will finally succeed in stopping traffic between dusk on Friday and dusk on Saturday.

"It will be closed within two months," predicted David, an ultra-orthodox, watching police horses trying to drive back demonstrators and onlookers. Secular Israelis fear he is right. Israel, the man who was knocked off his motorcycle, as he picked himself up to the jeers of onlookers, said: "I know it is my duty as a citizen of Jerusalem to drive here."

Much of the violence during the riot came from the police. I was standing outside a clothes shop with some children from the neighbourhood when we were suddenly attacked by the riot squad, one of whom grabbed me round the neck until he was restrained by one of his officers. Later we were

soaked by water cannon which drenched bystanders indiscriminately.

Avraham Ravid, a member of the Knesset for the Torah Judaism party, said: "What happened tonight was a pogrom by blood-thirsty police officers. They beat children and pregnant women. I told them the protests would cease if they left but they just wanted to hit the people."

This is something of an exaggeration, but the police were extraordinarily aggressive. At one point, a senior policeman with a bullhorn shouted at us to get out of the way. "Relax," said an Israeli journalist. "I don't want to relax," the officer yelled back. A boy crossing the road was grabbed by police and dragged off shouting: "I want to go home! I want to go home!"

The anger of the Haredim was directed more at the police than secular demonstrators from the left-wing Meretz party. "If it wasn't for the police, all people would do is shout 'Shabbos, Shabbos' (Yiddish for the Sabbath) and throw a few stones," said a bystander.

Secular Israelis believe they are being squeezed out of Jerusalem, where a growing proportion of the Jewish population are Haredim. A sign of the growing intolerance was a notice on a lamp-post in Bar-Ilan which advertised a three-room flat for sale "for religious people only." It comes complete with "a Shabbat elevator", which operates automatically, so the user does not have to press the button and make forbidden use of electricity.



After the deluge: An ultra-orthodox Israeli shouts at police as he is drenched by a water cannon during Saturday's riot in Jerusalem. Photograph: Guy Martinovich / AP

Netanyahu may have misplayed US hand

There is little left to discuss with the Palestinians, writes Patrick Cockburn

Jerusalem — Binyamin Netanyahu returned to Israel yesterday after spelling out to President Clinton the depth of the differences between the US and the new Israeli Prime Minister. He left little doubt that even if he cannot undo the Oslo accords with the Palestinians, he regards them as a mistake. "It is not the beginning of a beautiful friendship," said an Israeli newspaper.

The sharp divisions between the US and Israel are obscured because it is in the interests of neither side to publicise them. Mr Netanyahu knows Israelis like their leaders to get on with the US and Mr Clinton does not want a quarrel with Israel that would alienate his Jewish supporters just before the presidential election.

For all his vaunted knowledge of American politics, Mr Netanyahu may have made a mistake. By underlining his differences with the White House and courting Congress, he may have permanently alienated Mr Clinton, who is a more dangerous opponent than he looks — as both George Bush and Newt Gingrich have discovered.

Even before Mr Netanyahu left for the US, hopes were waning among Israelis who supported Oslo that he would water down the hard ideological positions he had taken during the election. "I need at least three cups of coffee in the morning to believe that Bibi's tough line is tactical," said a gloomy Israeli official.

His gloom stemmed from the conviction that, for practical purposes, the peace process which started in 1993 is over. Mr Netanyahu says he will not compromise with the Palestinians on Jerusalem, Israeli settlements or Palestinian statehood. This leaves very little to discuss. Given that he also will not discuss the return of the Golan to Syria there is little chance of negotiations with Syrian president Hafez al-Assad. Optimists in Jerusalem think

there is still room for compromise. They argue that if Israel pulls out of most of Hebron — as it is pledged to do — and revives the economy of the West Bank and Gaza by allowing Palestinian labourers to work in Israel, then a *modus vivendi* might be reached between Mr Netanyahu and Yasser Arafat, the Palestinian leader, which could last for the next four years.



Netanyahu: He may regret alienating Bill Clinton

The problem with this view is that it ignores the lesson of the last four years. There are so many friction points between Palestinians and Israelis that some crisis is bound to ignite.

Only yesterday, Jewish settlers said they planned to triple their numbers under Mr Netanyahu, an intention decried by Palestinians as a catastrophe in the making. Hasan Asfour, director of the Palestine Liberation Organisation's peace negotiating office, responded: "I do not think the Palestinian people will stand handcluffed before this settlement assault."

Whatever the relative intentions of the Israelis and Palestinians, their relations are determined largely by bombings, assassinations, small wars,

or what in Northern Ireland is called "the politics of the last atrocity". If there is no momentum towards peace, then the two sides move inevitably towards confrontation.

The likelihood of crisis will be exacerbated by Mr Netanyahu's style of government. Negotiations with the Palestinians were previously handled by the foreign ministry, with hundreds of experienced officials. But Mr Netanyahu prefers everything to go through his own hands and a small and inexperienced kitchen cabinet. He distrusts civil service officials and army officers active in implementing and negotiating Oslo. This makes it much more difficult to defuse any unexpected crisis.

Nowhere is Mr Netanyahu's inexperience more in evidence than in dealing with Syria. His staff have spoken of "Lebanon First", meaning an agreement for Israel to leave southern Lebanon. But having caught Israel in a lobster pot in Lebanon, there is no reason for President Assad to let Mr Netanyahu escape.

The second, and more carefully pondered, string to Israeli policy in Lebanon is to retaliate for Hizbollah guerrilla attacks with air or artillery strikes against the Syrian army. But as Professor Moshe Ma'oz, a specialist on Syria at the Hebrew University, points out: "President Assad is extremely tough. Syria is good at this type of attritional warfare."

Mr Netanyahu wooed the election by promising Israelis better personal security in the wake of the four suicide bombs in February and March, which killed 63 people in Israel. The irony of his present policy is that he can only make good on this promise if he co-operates with Syria and the Palestinians. Israeli security alone cannot stop the bombers.



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international

Apartheid-era arms deals haunt new regime

MARY BRAID
Johannesburg

It must rate among the great ironies of South Africa's post-apartheid era. This week Thabo Mbeki, the country's Deputy President, leads a delegation to the United States which will attempt to persuade Washington to drop a court action against Armscor, South Africa's national arms company, for alleged sanctions busting in the 1980s.

If Mr Mbeki fails, President Nelson Mandela's government could find itself in the odd position of having to stand up in a US court to defend Armscor, a principal instrument of oppression under apartheid, over

"crimes" committed before President Mandela was even released from prison.

"We are being asked to take responsibility for the sins of a previous discredited regime," said an Mbeki spokesman at the weekend.

The South African government argues that America should abandon the case. But Washington insists it cannot interfere in the process of a 1991 indictment against Armscor through the US courts. PW Botha, leader of the government under which the sanctions-busting is claimed to have taken place, must be smirking at the political impasse reached by two parties he never did care for - Mr Mandela's

African National Congress and the US government.

The US indictment claims that Armscor, set up in 1977 to circumvent the United Nations arms embargo against South Africa and wholly owned by the South African government, smuggled military technology from the US in the late 1980s. Evidence of the embargo breaches turned up during the Gulf war when the US parts were allegedly discovered in South African shells which had been sold to Iraq.

Large scale arms deals between South Africa and Iraq were alleged in a 1994 court action brought by Walid Saffouri, a Palestinian businessman, for

breach of contract against Armscor. He claimed South Africa had sold \$4.5bn (£3bn) of equipment to Saddam Hussein during the Iran-Iraq war. Shady South African arms deals also featured in the Scott inquiry, Britain's investigation into its own arms to Iraq scandal.

The US is demanding that Armscor - and therefore the Mandela government - pay more than \$5m in compensation or agree to US surveillance of its arms facilities. Pretoria is "insulted" at the implication that it cannot be trusted to monitor Armscor's activities in the new democratic South Africa. It has also rejected an American suggestion

that it make a special plea of "no contest" in court and pay a reduced fine. Mbeki officials say this would still involve South Africa submitting to the jurisdiction of US courts. This, like the suggested US surveillance, would undermine the country's sovereignty.

The dispute has threatened to sour relations between the two countries. Even a direct appeal from Mr Mandela to President Bill Clinton has failed to solve the crisis. South African ministers have threatened to reveal details of clandestine deals between the US and previous South African governments or suspend the Binational Commission between South Africa

and the US, which promotes commercial and academic exchanges between the two countries, if the US does not drop the Armscor case.

Ronnie Kasrils, deputy defence minister, has aired South African defence industry suspicions that the US's real motive is to keep the country out of the lucrative international arms market. South Africa's arms industry claims it has lost deals worth billions of rand because of the continuing US ban on military technology to the country despite the lifting of the 20-year UN embargo in 1994. The continuing US ban is believed to have played a major role in South Africa losing its bid to sell

91 Rooivalk combat helicopters to Britain last year.

The Mandela government is attempting to reform Armscor. Earlier this year, Mr Justice Edward Cameron, chairman of a government-appointed commission into Armscor's activities, concluded that during the apartheid era "there was almost not a dirty scrap of the world where South African arms did not turn up...". The commission urged the "complete overhaul" of South Africa's armaments policies and its national arms industry and recommended Parliament authorise all future arms exports. The report, which also suggested that Armscor's board of directors be dismissed,

led to a new government arms sales policy being introduced two months ago. Armscor claims there has been a major overhaul of its personnel and practices but critics claim too many old faces and shady business practices remain in place.

The Armscor dispute is not on the official agenda for this week's meeting of the Binational Commission, co-chaired by Mr Mbeki and the US Vice President, Al Gore. An Mbeki spokesman was at first coy about reports that Armscor was top of the private agenda. But he admitted that an advance party of officials, charged with thrashing out a solution to the problem, had already left for the US.

Dole digs pits for himself to fall into

RUPERT CORNWELL
Washington

This was when his presidential campaign was supposed to roll. Instead, Republican candidate Bob Dole has inflicted upon himself a new series of small disasters, horrifying his advisers and prompting a number of Congressional Republicans to break ranks with their nominee to avoid being dragged down to defeat this autumn.

In the first week of July, Mr Dole succeeded in deepening his party's split over abortion and getting on the wrong side of the smoking argument by suggesting that tobacco might not necessarily be addictive. Now he has dug two more pits and fallen into each of them: first by resurrecting the controversy over the ban on assault weapons, which is a sure winner for President Bill Clinton, and then by seeming to snub the country's leading black organisation.

Publicly, the Dole camp insists it was a "scheduling problem" that prevented him addressing the annual conference of the National Association for the Advancement of Colored People (NAACP) in North Carolina last week. There matters might have rested - until Mr Dole said he feared he was being "set up" for

a hostile reception at the traditionally pro-Democrat NAACP.

The consequence, as so often in Mr Dole's rambling mode of stump politics, was to turn a minor squall into a tempest, made only fiercer by criticism from arguably the two most popular Republicans in the country, the former Congressman and Cabinet member Jack Kemp, and retired General Colin Powell.

Indeed, "disappointment" at Mr Dole's no-show seems only to have hardened General Powell's determination to stay as clear of the 1996 campaign as possible. That he would refuse to be Mr Dole's vice-presidential running mate has been a foregone conclusion for months. Now he has made it clear that he will not campaign actively for Mr Dole, and has no desire to play a feature role at next month's nominating convention in San Diego.

Given the pressure being put upon him by anxious Republican leaders, General Powell has little choice but to speak in San Diego. But the fuss around him only draws attention from Mr Dole, and reminds voters of what might have been, had he not decided last November against making his own bid for the White House.

The polls only confirm the Republicans' sorry state. The

latest of them, by CNN-Time, gives Mr Clinton a virtually unchanged lead of 15 per cent.

State by state, the picture is even more disheartening, with Mr Clinton far ahead in 25 states that would give him 315 electoral college votes, more than the 270 needed to win. In every key swing state in the Midwest except Michigan, Mr Clinton leads by 12 per cent or more. Even in normal Republican strongholds such as Florida and Texas, the President is neck-and-neck with Mr Dole.

So dire has been Mr Dole's performance that even his former colleagues in Congress are showing signs of rebellion. Mr Dole had hoped to make welfare reform a major issue this autumn. Instead, Republican Congressmen have agreed to a compromise bill meeting Mr Clinton's requirements, that may be passed and signed by the President within the month.

If Mr Dole cannot get a grip on his campaign, some predict rebellion could spread to the convention itself. "Bob Dole has run for President three times and still hasn't learnt how," the conservative commentator George Will said yesterday. "Another four weeks like the last four, and there could be serious insurrection in San Diego".



Up the junction: Locomotives from all over Europe, led by this 1841 Austrian Lion, gather in Budapest for a rally

Photograph: Reuters

SIGNIFICANT SHORTS

The getaway car used by bombers who killed 19 American servicemen in Dhahran, Saudi Arabia last month has been found. The white Chevrolet Caprice Classic was found in Dammam, 10kms from Dhahran. After the blast on 25 June, which also wounded hundreds of people, officials said the bombers had been spotted fleeing in a white Caprice Classic - the most popular car model in the kingdom. Gulf newspapers reported at the time that witnesses gave Saudi investigators a "good description" of two of the bombers. AP - Riyadh

German opposition Social Democrat politicians and members of Chancellor Helmut Kohl's own party in the Bundestag (upper house) threatened to block the landmark austerity programme passed last month by the lower house of parliament, calling it unjust and a threat to job creation programmes in eastern Germany. Warning that cost-cutting is essential to reviving the country's economy, Mr Kohl's conservative coalition pushed cuts in sick pay, unemployment benefits and health care through the Bundestag on 28 June. AP - Bonn

France will ask the UN Security Council to give Nato peace troops in Bosnia a precise mandate to arrest indicted war criminals. Defence Minister Charles Millon said, "The arrest of war criminals does not come under the mandate that was given to I-For. For that reason France will use all available means to [get] the Security Council to deliberate without delay a procedure to be established so that war criminals are pursued and arrested," he said during a visit to the Bosnian capital Sarajevo. Reuters - Sarajevo

A Romanian mayor and an ethnic Hungarian senator, both rival nationalists, were chosen by their respective parties to run for president in Romania's autumn elections. The Romanian National Unity Party elected its leader, Gheorghe Funar, as its candidate, while the Hungarian Democratic Union of Romania chose Gyorgy Frunda to contest the poll on 3 November. President Ion Iliescu, who has not so far announced his candidacy, remains favourite to win. Reuters - Cluj

An investigation into South African police corruption has resulted in about 100 people including senior police officers being charged. The acting national commissioner, Morgan Chetty, said those arrested included two fraud squad detectives, two police superintendents and civilians who allegedly paid bribes. The 800 cases under investigation include crimes of drug trafficking, vehicle theft, arms smuggling and sales of police files. Reuters - Johannesburg

European Union foreign ministers will debate retaliatory steps against Washington today if President Bill Clinton enforces a US law penalising foreign companies doing business in Cuba. "It's a subject that is exercising minds on both sides of the Atlantic," said a diplomatic source ahead of an EU foreign ministers meeting today. The official said all 15 EU governments oppose the Helms-Burton Act. Today is the deadline for Mr Clinton to waive the provision that penalises foreign firms for benefiting from US property confiscated when Fidel Castro seized power in 1959. AP - Brussels

Police at Berlin's "Love Parade" praised the behaviour of the 750,000-strong crowd. The eighth annual festival of techno music and dance passed off without serious trouble. After Saturday's parade police detained only 34 people, for minor offences. Reuters - Berlin

Seattle's first black mayor cleans up a white city

Washington — There are two utterly contradictory ways of looking at the evolution of race relations in America since the civil rights movement of the Sixties. Each is equally plausible.

You can point to the OJ Simpson affair and the Louis Farrakhan phenomenon as evidence of the country's abysmal failure to achieve Martin Luther King's dream of colour-blind integration.

Or you can point to the rise of the black middle class: the number of black doctors and lawyers has more than tripled in the last three decades, and the number of black mayors has risen from below 50 in 1970 to more than 300 today.

If you are looking for one example to argue the thesis that there is more to admire than to despise in America's handling of the race question, then look

no further than Norman Rice, one of half a dozen Americans singled out as "heroes" by President Clinton in his last State of the Union address.

Elected Seattle's first black mayor in 1989, Mr Rice was re-elected with a hugely increased majority in 1993 and is now running for governor of Washington state. What is remarkable here is that Seattle, unlike other major American cities with black mayors, has an overwhelmingly white population. Only 10 per cent of Seattle residents are black.

Which puts to rest the notion cherished by some of America's more radical black leaders that their white compatriots are constitutionally incapable of setting skin colour aside and judging people on merit. In the same way that it shatters the no-less cherished notion of white

LOCAL
HEROES

No 25: Norman Rice

bigots that black people cannot, to coin a phrase, run a bath.

Mr Rice is widely popular in his constituency, viewed by black and white alike with something of the pride all South Africans take in Nelson Mandela. During his tenure as mayor, Seattle, a magnet for Californian migrants in recent years, has been described in survey after survey as the number one American city in which to live.

Unapologetically all-American, not one to indulge in the fancy that Africa is where his real home lies, he made a bet

last year with the mayor of Cleveland that the Seattle Mariners baseball team would beat the Cleveland Indians. Mr Rice lost. His stake? Ten pounds of Pacific Northwest salmon - which he delivered to his Cleveland counterpart in a small ceremony last month.

Mr Rice could afford to be gracious: he is a man more accustomed to winning than to losing. Apart from his electoral victories on home turf, last year he was voted president of the US Conference of Mayors and, in a no less celebrated coup, went on to win the title of America's "Funniest Mayor" on an HBO television charity show featuring Whoopi Goldberg and Robin Williams. Cracking jokes about Seattle's notoriously high rainfall, he manipulated his voice to gurgle as if he were speaking underwater.

If you can put up with the rain, Seattle is the perfect place to live. To a prosperous city bountifully blessed with natural charms - mountains, forests, lakes and ocean - Mr Rice has helped add a high quality of life. While keeping a tight rein on the city coffers, he has made Seattle's streets and public transport the cleanest of any large American urban centre. He has brought crime down - it fell by 14 per cent in 1994 - and won Seattle a national prize for its success in dealing with the problems of the homeless.

If the people of Seattle are proud of him, it is in large measure because of the pride he takes in his job. In an interview a few years ago he lyrically described his passion for the city, "I want Seattle's children to feel their linkages to water and weather," he said, "to sense



Norman Rice: A man who wins his battles

the unfathomable power of salmon returning to spawn after years at sea, to have mountains and forests as anchors in their souls."

John Carlin

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Murdoch puts England in the second division

To some readers the fate of 15 men and an oval ball may not seem compelling. The shenanigans among rugby's rulers might seem a hoys' affair, albeit in the case of the (English) Rugby Football Union grown men behaving as boys – badly. From next season England is out of one of the great tournaments in the national sporting calendar, the Five Nations rugby tournament. In selling television rights to British Sky Broadcasting it apparently forgot that the matches people most want to watch are between it and the other countries, Wales, France, Ireland and Scotland. These nations have not signed and have no intention of abandoning their existing television deal, even though Sky is waving its chequebook. The upshot is come the spring there will be no tournament, no Triple Crown nor any of the rest of rugby's popular regalia.

The involvement in all this of Sky and its huge sums of money makes this more than just a question of sport. There are unavoidable allegories here of the condition of modern Britain. Where are those vaunted qualities of phlegm, sportsmanship and a love of orderly procedure in public affairs? The evidence to hand exposes administrative cack-handedness, a wilful disregard of proper procedure and – not a new charge, this, sadly – hopeless short-sightedness. It also says some-

thing not very flattering about the vaunted commercial abilities of Rupert Murdoch and his television henchmen who have, it appears, come a cropper.

The Rugby Football Union – immortalised by Will Carling as the "old farts" – signed an agreement with Sky for nearly £90m, the money to be channelled into paying for Twickenham stadium and pay for schools rugby coaches and so on. The RFU seems to have thought the agreement covered its home international matches. Sky had been banking on the other nations in the Five Nations set-up also signing up, at rates well in excess of what the BBC will pay.

How could the RFU have negotiated with Sky without ascertaining whether the other members of the Five Nations consortium would agree to England's idiosyncratic position? To have sought a deal that gave England a larger share of the cake is one thing – no one is saying the other Five Nations rugby officials come out of this looking anything but stiff-necked and recalcitrant. But to proceed without checking the status of England – either within the Five Nations or with substitute competitors from, say, the Tri-Nation set-up down-under – verges on the incredible.

Though the deal might seem an achievement for Rupert Murdoch, Sky Television's moneybags have also demonstrated how lacking in quality and vision many leading sports admin-

istrators are. There is nothing wrong with more money; there is everything wrong with a duff bargain that might (this is the case made by Vernon Pugh of the Welsh Rugby Union and the International Board) thwart the longer-term expansion of a sport. Mr Murdoch – or his current representative on earth Mr Sam Chisholm – puff and the RFU all fall down.

This is the age of big money and media contracts, when materialist professionalism is substituting for penurious amateurism. Much of what is happening is welcome. Company law may or may not be adequate to cope with

Premiership clubs which are suddenly found in stock-exchange favour or successful rugby clubs such as Bath which have now hit the big time. But who is to say the way the leagues and the associations are run is either efficient or maintains any claims to democratic legitimacy?

Does the RFU really embody the will of rugby? Who speaks for rugby? Is it the players (and how to weight the claims of the amateurs and the would-be pros) or the club officials (oligarchs to a man)? What about the spectators, the people in the stands at Bath and Leicester, or those at home

willing the national side to win, feeling as much part of the sporting community as those actually present? It will never do to say that those who pay to view alone should call the shots. If Sky subscribers rule then the laws might as well be rewritten to accommodate commercial breaks every quarter of an hour.

But that turns the sport into a private affair, something to be hargained over by a big private corporation and clubs. It is not and must never be. There is a wider, public interest in the conduct of sports, just as there is in access to a certain category of events which embody the nation and its spirits and which deserve to be broadcast to the greatest number of people. Of course Great Britain will not fall apart if we are deprived of Scotland vs England at Murrayfield or England vs Wales at Twickenham; but those cathartic, binding, passionate occasions do speak to something vital and enduring in the make up of this country.

It is a country about which the owner of Sky, Rupert Murdoch, seems to have very mixed feelings. Is he really the radical the actions of Sky would imply? Today he can contemplate how he has managed to have made fools of the upper echelons of English rugby union. His clients in the RFU can offer subscribers only second-rate rugby, with patched-together friendlies between England and also-ran teams.

Sky's great future hope – pay per view for all major events – is made to look vulnerable thanks in equal measure to the incompetence of England's rugby leadership and its own mistake in believing everyone has a money price at which they can be bought.

Local libraries on borrowed time

Reports that public libraries are to be open on Sundays will raise a wry laugh in many parts of the country where they seem barely to be open during the week.

One of the saddest manifestations of municipal decline has been what has happened to the local library, its stock shrunk and hours curtailed. Councils blame reductions in grants, with some justice; many local authorities have chosen to give priority to other services. But public libraries are one service used by everyone, high and low, clerical and manual, old and young. They ought to be at the leading edge of what councils can still do.

Public libraries offer one of the strongest arguments for public spending in the general interest. But for that they have to be open, all day every day.

LETTERS TO THE EDITOR

Ireland will not be bullied into silence

Sir: We represent the silent voices of Ireland, the people that are in search of a better standard of living, an education for their children and the great mystery of a balsamic vinaigrette and mustard. We have left the politics of the Irish civil war far behind us.

You will probably find some of us working in Europe, administering medicine in your hospitals, teaching in your schools, designing your physical environment and making money for your financial institutions. Delights in our life may be as simple as fresh bread, ground coffee and the dream of a safe future to raise the next generation, as well as a return on our own investment of hard work and a refusal to emigrate too far from home, in order to change the history of poverty and emigration that has dogged our country.

We are saddened that so much credence is given to the men of aggression and so little to the boring communities of people who work at the core of society, who also vote in elections and whose entire future is held to ransom by the bullet and the men of politics.

Imagine for a moment the notion of a middle-class revolution. People simply ceasing to do what they do every day to make our society function and prosper until such time as the politicians understand that they should listen more carefully to the people for whom they work and to whom they should defer with a more proactive response to the northern problem.

Imagine for a moment that this generation of voices refuses to be silent and live as our parents have, bullied into silence and intimidated by poverty. Imagine us as a different type of people, Europeans and proud.

ROISIN MURPHY
EMMA KELLY
Dublin

Sir: The events of 12 July 1996 have placed the future of Northern Ireland in critical jeopardy. As a native of that country, I am appalled by both the actions of "loyalists" and the abject surrender of the British government in the face of intimidation and violence.

In scenes reminiscent of Mussolini's march on Rome, loyalists have been permitted to stage triumphal pageants through Catholic areas while the police protected them. Fascism also achieved its ends by intimidating the authorities with mass rallies and violence.

Most people outside Northern Ireland are unaware that an Orange parade is what see images of peculiar costumes and banners, quaint if faintly absurd, and register a vague connection to entrenched tribalism. As "the Twelfth" went ahead this year, I even heard a radio reporter speak of "traditional parades", showing "no visible signs of triumphalism". Of course, "tradition" gives a dubious air of respectability. But an Orange march without triumphalism is like a forest without trees.

The peace process is in ruins, nationalists more alienated than ever, and a much needed recovery for the economy destroyed by blazing cars and road docks. And why? Because the powers of state were too cowardly to call bluff? Or merely because the present government's term of office is almost entirely decided by Unionist support? Loyalty is doomed. They refuse to get their heads round the fact



that most British people are sick of them. They burn their own shops and community centres in futile rage. Like the unstable child of a dysfunctional family, they throw tantrums. So why is the "parent" in Westminster appeasing an unreasonable demand? And why is the "child" unable to grow up and mix with its neighbours?

KEVIN MCGIMPSEY
Bristol

Sir: Following the decision by the Chief Constable of the RUC to allow the Orange march to proceed down the Garvaghy Road, Gerry Adams said: "The peace process lies in absolute ruins".

He did not say that when the IRA bombs were detonated at Canary Wharf and Manchester. After the Manchester bomb he said: "This is a time for everyone committed to peace to dig deep and apply ourselves with greater determination to restore the peace process." Now he can blame the Unionists for the breakdown of the "peace process" and feel that he is off the hook.

BERT WARD
Middlesbrough, Cleveland

Sir: The Chief Constable of the RUC took the correct decision to allow 1,300 Orangemen to march through Garvaghy Road. I quote from Sir Hugh Amess's statement: "There was a bulldozer, perhaps the potential for more." To stop that bulldozer breaking a barricade of barbed wire and concrete blocks it would have been necessary to shoot at the driver. Does anyone expect the IRA consider their cause to be furthered by the martyrdom of an Orangeman and the subsequent mayhem throughout the province?

A E GANE
Felham, Middlesbrough

Sir: In the Thirties we had the fascist Blackshirts. Laws were made against parading in uniforms. Why do these not apply to the Orangemen's howler hats and sashes?

R J HALL
Chichester, West Sussex

Commons tribute to Mandela

Sir: Your survey of *Hansard* (9 July) is flawed when it suggests that the first time Nelson Mandela's name was mentioned in the House of Commons was in 1983. One notable earlier occasion was Prime Minister's Question Time on 18 July, 1978. *Hansard* records:

Miss Joan Lester: Will my right Hon Friend find time in his busy schedule to go to South Africa House and see whether he can get it opened in order that he may deliver birthday greetings to Nelson Mandela on the occasion of his 60th birthday, after 16 years on Robben Island, greetings which the South African authorities refused earlier today to accept?

The Prime Minister: I have long been, as I know my Hon Friends are and I hope many Opposition Members are, an admirer of Nelson Mandela. Whether or not South Africa House accepts the greetings, I should like to send him formal greetings from this Dispatch Box.

Jim Callaghan's response came at a time when under the stewardship of David Owen, as Foreign Secretary, the Labour government was moving, albeit hesitatingly, towards a tougher

policy against apartheid and, in response to the Soweto uprising and the murder of Steve Biko, was contemplating various forms of economic sanctions.

Historians may now wish to try and assess how much pain and suffering could have been avoided if the apartheid regime had not been protected internationally over the following decade by the constructive engagement policies of Margaret Thatcher and Ronald Reagan.

MICHAEL TERRY
London N12

How the West killed Bosnia

Sir: Your claim that evil in Bosnia triumphed because "the good men of the West did nothing" (Leading article, 11 July) is wrong.

From the start of the Bosnian Holocaust, those "good men" did something very effective before they went on doing nothing: they tied the victims' hands by means of an arms embargo. For those who questioned the morality of this deed, Srebrenica provided the answer.

Throughout the four hellish years successive massacres took place in Tuzla, Sarajevo, Prijedor, etc. When "good men" insist on doing nothing to stop this savagery, it becomes obvious that they are no less evil than Karadzic and Mladic.

Europe did not fail Bosnia, as you state. Europe killed Bosnia. Dr SALAH EZZ
Oxford

Helping the street children

Sir: Christian Wolmar ("The railway children of Bucharest", 8 July) poses the question: "So what good has the work of Western charities done since 1989?" Whilst a number of Western organisations have made false promises and continue to send truckloads of inappropriate "aid", a number of charities do considerable work in Romania, elsewhere in central and eastern Europe and in the former Soviet Union.

Christian Children's Fund of Great Britain has operated childcare programmes in Romania since 1990. These programmes, run in partnership with two indigenous Romanian charities, support almost 2,800 children through individual child sponsorship. In Cluj-Napoca, nearly 700 families receive monthly assistance to help them keep their families together and not abandon them on to the streets or into children's homes.

International pressure has forced economic reforms upon Romania. Many are desperately needed. However, as in the southern world, it is women and children who have been hardest hit as Romania and other countries make their "transition". It is social welfare programmes which suffer.

CCF GB along with a charity from Belgium and a Romanian charity, have recently been awarded a grant from the EU. Our hope is to establish a Family and

Child Service Centre in Cluj-Napoca. If successful, we hope that it might be a model which can be adopted by the authorities throughout Romania.

A more appropriate question to pose might be: "So how can Romania implement social legislation and fund social welfare structures: how can the West assist them in doing this?"

JON EDWARDS
Programme Officer, Romania
Christian Children's Fund of Great Britain
London EC2

Power to people, not judges

Sir: Richard Bacon appears to confuse judges' power with people's power (letter, 9 July).

Bills of rights confer positive rights which are virtually unrecognised in British law – like the right to personal privacy – thus providing more opportunities for ordinary citizens to sue government ministers and public officials than they have currently. This does not shift power to judges; it merely requires them to operate according to comprehensible human rights values established by Parliament rather than the more obscure principles which currently underlie the law.

The New Zealand Bill of Rights does not transfer legislative power from parliament to the courts but has nevertheless provided considerably more protection to individuals than anticipated.

JONATHAN COOPER
Legal Director
Liberty
London SE1

Britain dithers on law of the sea

Sir: In November 1994 the United Nations Convention on the Law of the Sea came into force. The Government in that year expressed its satisfaction with the agreement which had been negotiated to allow implementation of Part XI of the Convention, dealing with the deep sea bed minerals regime, and expressed its intention to accede. In answer to a written question from Lord Kennet on 20 June 1996, Baroness Chalker, Minister of State at the Foreign Office, confirmed that this is still the long-term aim but that, for scarcely explained reasons concerning the Rockall fisheries zone, HM Government would not take a decision on accession in the timeframe necessary to secure voting rights for the UK in the Law of the Sea Tribunal; that is, by 30 June.

This convention, which formalises and consolidates maritime law and is the most important advance in the law of the sea during the second half of this century, has now been accepted by more than 100 governments including France and Germany, most other European countries, China and Japan. HM Government's delay in accession means that no British voice will be heard in those important first meetings of the institutions set up under the convention.

Britain has always played a leading part in the development of the law of the sea, not least of this major convention; it is therefore bizarre that maritime interests should be jeopardised in this way. Nothing is to be gained by this delay, least of all for the Rockall fisheries, and much will be lost. We appeal most strongly for the necessary steps towards accession to be completed before Parliament rises in two weeks' time, in order to avoid a further three months' delay.

Professor NICHOLAS GASKELL
Dr RALPH BEDDARD
Professor CHRISTINE CHINKIN
MICHAEL RANKEN
Institute of Maritime Law
University of Southampton
Highfield, Hampshire

The wrong MPs

Sir: What is all this about paying MPs more in order to attract the "kind of people we want"? The kind of people who are motivated by money seem to me to be precisely the wrong kind of people.

Salaries for MPs were introduced in order to allow ordinary people who had intelligence and a calling but no independent means to take up parliamentary seats. The idea that worthy people with high ideals, who are prepared to forgo large earnings to pursue those ideals, are no more than monkeys who will accept peanuts is a sad comment on a society which sees no value in personal integrity or sacrificial service.

Ms V PARKER
St Albans, Hertfordshire

Trees in Israel

Sir: It was interesting to read Naomi Cohen's letter (11 July) about Israel's forestation policies. However, there was no reference to the uprooting of over 30,000 trees in the Occupied Territories since the Oslo accords. If the Jewish National Fund enjoys "the accolade of one of the world's oldest environmentalists", perhaps it will oppose the destruction of the Palestinian environment wrought by settlement and road-building?

ROBERT KENT
Birmingham

A being that works in mysterious ways

Who is to say what is a proper religion? That all-seeing judge of transcendental things, the Charity Commission

Take a deep breath of oxygen, for you are about to enter the rarified atmosphere of arcane metaphysics – a journey to the heart of our Byzantine charity law.

The pagans are deep in spiritual combat with the Charity Commission. For 10 years, the Pagan Hospice and Funeral Trust tried to get registered as a religious charity but the Commission said no – they were not a proper religion. Finally, last year, the Trust managed to get themselves registered under a different clause of charity law – not as a religion, but as a group doing good to the dying and the bereaved. However, less than a year later, the Commission is trying to take away their charitable status again, on the grounds that the Trust's work is essentially spiritual and religious rather than of general public use. This is a peculiarly circular argument – they are too religious to be an ordinary charity, but not religious enough to count as a religion.

The Trust is a tiny charity. It trains counsellors to minister to the pagan dying and conducts funerals. Paganism is recognised as a proper religion by the Home Office, which allows registered pagan chaplains into prisons. The Trust's attempt to buy a pagan bur-

ial ground in Wales appears to be what caused the Commission to think again. There is no suggestion of any wrong-doing. "We may have made a mistake in granting them charitable status," the Commission says.

Faith de miter, the Commission has become the nation's official theologian, decreeing what is and what is not a bona fide religion. This is intellectually impossible task leads them into the counting of angels on pins, the weighing up of transcendental things, the judging of the ineffable. Paganism, they pronounce, is not a religion.

The law says that the promulgation of religion is a public good per se and therefore a charitable cause (despite the history of mankind suggesting quite the contrary). Will any religion do? "Well, it must have a Deity or Supreme Being, modelled to some extent on the Judeo-Christian tradition." What about the Buddhists, who have no God, or the Hindus, who have encyclopaedias full of them? "Oh, of course we accept the world's five major religions. They are substantial." So size matters? "Yes, and antiquity." What about the Mormons? They are not ancient and their beliefs are distinctly odd. "There are a great many of them." What about the Exclusive



POLLY TOYNEBEE

Brethren, who do definite harm to those born into their closed ranks? "We do allow cults and sects within the main religions."

But why not the pagans, who claim, perhaps not entirely convincingly, some 100,000 adherents? "They do not believe in a single Supreme Being, but they worship aspects of nature. Paganism is a loose association, not like a church. They are too self-defining, without initiation to mark membership, without much ceremony and ritual." So more mumbo-jumbo with more smells, spells and bells might do the trick?

Clare Prout, a witch and co-ordinator of the Pagan Hospice and Funeral Trust, fulminates with indignation. They have initiation rituals – with blindfolds, circles and a turning to the North, South, East and

West. Their covens have ceremonies, casting circles, casting spells, sending out powers to do good. They are not devilish, but believe whatever they send out for good or evil rebounds upon the sender fourfold. They reject the Christian tradition of dividing things into good and evil, a dualism that fails to describe things as they are – an inextricable mixture of both.

Pagans have many gods. There are eight main rituals a year – the two solstices of Yule and Summer, Lammas, Beltaine (Mayday), Samhain (Hallowe'en, the old Celtic new year), Imbolc (ewe's milk) and the two equinoxes. Their ceremonies, she says, create energy but they are not as emotionally consuming as the speaking in tongues of the Pentecostals.

You may think all this is fairly loopy. It is, however, no looper than other religions. Nor is it odder than others on the commission's register. Consider The Odinic Rite, which got its charitable status as a religion in 1988, for "The continuity and promotion of the organic spiritual beliefs and religion of the indigenous people of Northern Europe as embodied in the Eddas and as they have found expression in the wisdom and historic experience of these peo-

ples." Quite apart from the eerie racist overtones, the pagans mutter that the Odinists only got registered as a bona fide religion by pretending that Odin worship is monotheistic, when it has myriads of gods.

Case law on acceptable religions makes enjoyably silly reading. For a long while, the South Place Ethical Society – atheists, humanists and agnostics – were absurdly registered as a religion, although their aim has always been to demolish belief in a God or a hereafter. They were thrown off the religious register in 1980, but crept back as a charity under the more likely clause that they do public good by debunking superstition. Chinese ancestor-worship and scientologists, however, failed in the courts.

What is the answer to all this? Religion is ineffable, mysterious, an act of faith, a state of grace, a light inaccessibly hidden from our eyes – not, in other words, the sort of thing courts or charity commissioners should be expected to codify and police. There is only one sane answer – and that is to deregister them all. Our secular society, where only 35 per cent of people believe in a Supreme Being, should not be spending public funds, in tax forgone, to finance any of these curious beliefs.

We fight on, for the 140 million listeners

John Tusa on why the World Service must be independent

Five weeks on from director-general Birt's radical reorganisation proposals of 7 June, resistance to them as they affect the BBC World Service has continued to grow. This has taken BBC management by surprise, but has not induced them to offer any substantive changes. The critics must fight on. Why?

First, the reported so-called Birt "concessions" of last Friday do not represent a concession of any significance. Even if World Service News and Current Affairs remain at Bush House, they will still be transferred to the editorial control of BBC News and Current Affairs. Another layer of editorial and managerial control will have been introduced.

Second, the transfer of all other English language programme-making to the new BBC domestic "super" directorates destroys the essential integration of World Service programme-making, where the English service and the 42 other languages live off one another in a symbiotic process.

Third, in the past decade and a half, the World Service has made more and more of its programmes itself. As Radio 4 programmes focused more closely on the needs of their audiences, the World Service found them less suitable for their international listeners. When Bush House made programmes designed for the global audience, the World Service reached levels of listenership and respect never achieved before.

Fourth, the World Service had in the recent past to "commission" some of its financial programmes from Radio 4. They were never satisfactory.

Fifth, under the accounting systems that will prevail in the new structures, the cash-strapped World Service will have to pay for BBC domestic overheads in a way that it has never had to before. It is all designed to help the domestic services.

Five weeks on, the director-general proclaims the perfection of his plans; the possibility of error has never entered his mind. The chairman, Sir Christopher Bland – and how long did he have to scrutinise the proposals before rubber-stamping them? – rejects all criticism as "insulting".

Surely the time has come for some answers. They are owed to the 2,000 World Service staff, the 140 million listeners, and the countless British listeners who know what the service is worth.

The clock should be stopped at 7 June. Nothing will be lost by such a delay, except conceivably some loss of face by the director-general. Nothing should be done until the National Audit Office has scrutinised the Birt proposals to see if they will represent value for taxpayer's money, and will allow the World Service to continue to be editorially and managerially effective.

Photograph: David Rose

The writer was managing director of the BBC World Service from 1986 to 1992.

Ulster looks into the abyss

David McKittrick laments the week that destroyed everything

Words such as "watershed" and "momentous" have been used so often in relation to Northern Ireland in recent years that their meaning is in danger of becoming devalued. But there is little doubt that the events of last week merit both of those terms and more. Furthermore, the watershed is one of a most disastrous kind. The sight of riots, petrol bombs and destruction is bad enough, but the long-term consequences of what has happened in the past week are even worse. The rule of law has been fundamentally, perhaps fatally, undermined and it may be that the Troubles, which many had hoped had run their course, are being regenerated before our eyes.

The Government gives every appearance of either not understanding what is happening or of being in denial. The impression given by Sir Patrick Mayhew, in a series of slightly giddy television appearances, was that the problem lay among three elements: Unionists, nationalists, and the local police force. There was no evident recognition that in the course of the week a large amount of authority had been transferred from the Government to the men on the streets. Sir Patrick told one incredulous interviewer to cheer up.

What began at Drumcree on Sunday last as a problem over a march developed, as thousands of Orangemen took to the streets in an effort to bring the province to a standstill, into a fundamental issue of the rule of law.

The eventual decision to reverse the original ruling and allow the Orangemen to march along the Catholic Garvaghy Road was defended by Sir Hugh Amessley, the chief constable, and by Sir Patrick on purely pragmatic grounds. If the RUC had not forced the march through, Sir Hugh argued, the security forces could have been overwhelmed and many deaths might have followed. There was no other option, Sir Patrick explained breezily.

This frank recognition of *realpolitik* ignored what many nationalists saw as the moral dimension. The authorities had thought it right to ban the march; their minds had been changed not by force of argument, but by a wave of civil disobedience that stretched from

peaceful demonstrations through hijackings and intimidation to serious assaults and a murder.

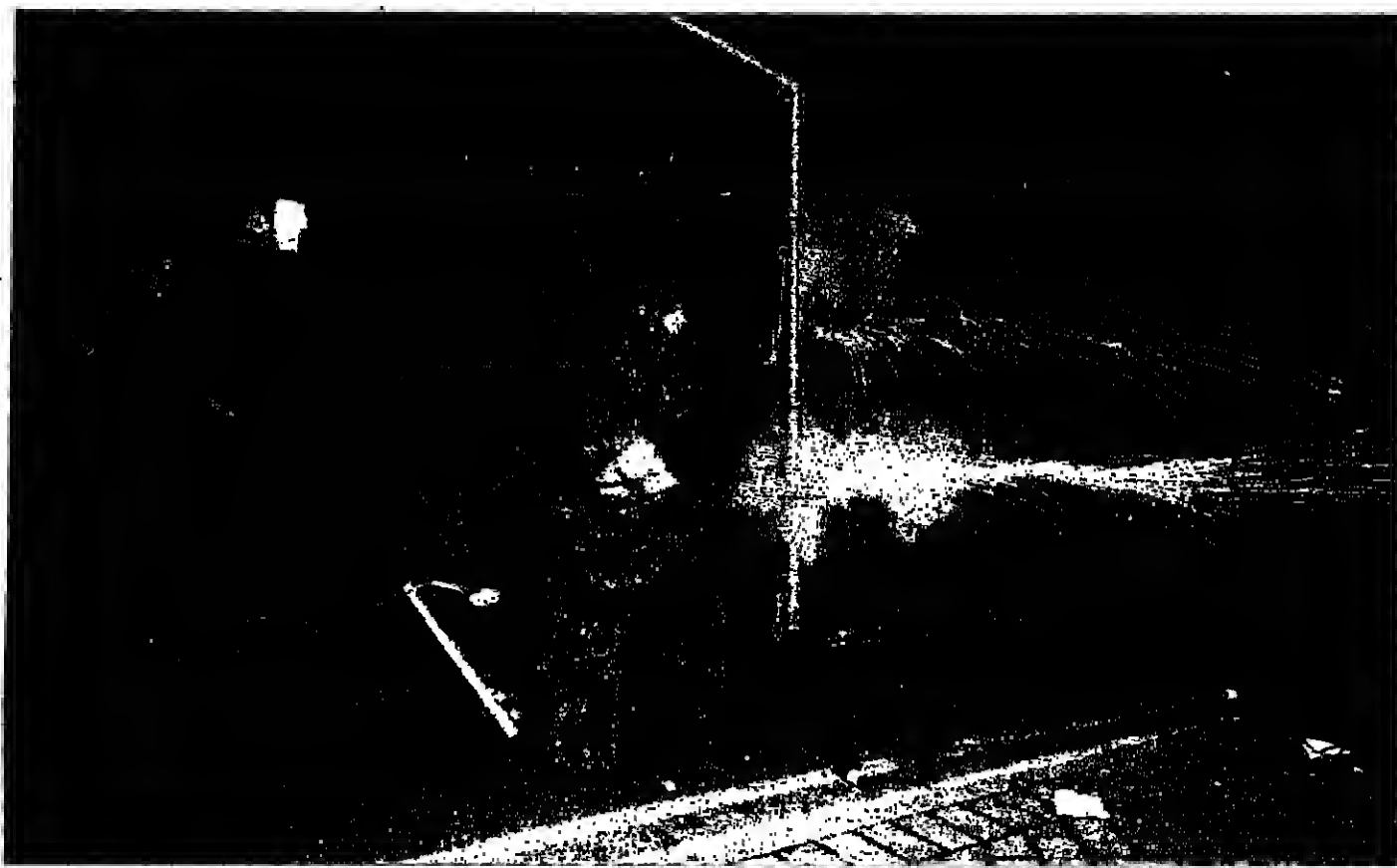
Moderate nationalist Ireland, political and spiritual, watched in horror as the two men, and later John Major, spelled out that the Government had in effect no choice but to bow to the disorder threatened by the big Orange battalions. This section of opinion has spent a quarter of a century arguing with republican extremists that Britain is neutral in the dispute.

The Government has, however, just conceded what the hawks in the IRA argue: that Britain responds primarily to violence, and that a peace process is less likely to bring results than a war process.

David Trimble, leader of the Ulster Unionist Party for less than a year, has just moved away from the strict parliamentarianism of his predecessor, James Moynihan, and regressed to an earlier, more primitive form of Unionism, the sort identified with Carson and Craigavon in the Home Rule crisis of 1912 and after. In other words, he is not just head of a small group of MPs but can also command a highly effective Orange street force.

Mr Trimble has not, during his career, made any proposal on the future government of Northern Ireland which was remotely likely to be acceptable to northern nationalists. He is hardly likely to do so now.

Unionism has always contained voices who have argued that the best means of strengthening and safeguarding the union with Britain was to



quote Theodore Roosevelt, that while he may speak softly, he carries a big stick. One need only ask oneself who has more power in the province now, David Trimble or Sir Patrick Mayhew?

After the loyalist general strike of 1974, it took British governments 11 years before they dared to take an action strongly opposed by Unionists and sign the 1985 Anglo-Irish Agree-

ment. Dublin and moderate nationalists have spent a decade and more working on the theory that while the union with Britain is here to stay for the foreseeable future, the consolation on offer to Irish nationalists is the construction, slowly but surely, of a fairer Northern Ireland in which Unionism and nationalism can both be respected. That theory has been dealt a shattering and possibly lethal blow.

Priests, bishops and nationalist MPs are all now saying the same thing: that the RUC, probably with government approval, showed itself one-sided both in its strategy and in the actions of individual officers.

In 1969, the television pictures of officers clubbing Catholic civil rights campaigners led to the first serious trouble. In 1996, nationalist leaders watched with something close to disbelief as policemen did not move in on Orangemen blocking roads but waded in with unmistakable energy and even enthusiasm to shift Catholics sitting down on the Garvaghy Road.

The RUC, the most important institution of the state, had won the quiet admiration of many nationalists over

the years for its increased professionalism and, often, its attention to political sensitivities. It is no exaggeration to say that almost all of this has been lost in the course of a single week, leaving many nationalists speculating darkly that there may have been some form of mutiny threatened within the force by police who would not contemplate taking on the Orange order.

Most Orangemen clearly believe that they won a great victory last week. Certainly their march got through. Nationalists were humiliated, and Unionism and Orangism demonstrated real muscle.

But in the process the underlying instability of the state was exposed, the very fabric of society was ripped and damaged, and the most fundamental questions were posed about the reformability of Northern Ireland.

It seems hardly credible that a province which last year had the hope of a bright future could so swiftly be transformed into a political wasteland, its economic prospects dashed, its image defaced, its communal relations in ruins. Even in Ireland the prospects have rarely seemed bleaker.

Troops fire baton rounds in the Bogside early yesterday. The idea that Britain is neutral has been dealt a devastating blow

The Government has conceded what the IRA hawks argue: that Britain responds to violence

reach an accommodation with nationalists. This faction has, however, always been in a minority, and is now certain to remain so. The psychological mindset of the leaders of Unionism and Orangism is that if they eschew negotiation, stand firm and face down their opponents they are likely to get their way. They will now be confirmed in this belief. With Drumcree under his belt, Mr Trimble may enter a more parliamentary phase but from now on, all will be aware, to

ment. Now a new armlock has been placed on British policymakers, and it is difficult to imagine Tony Blair, or another Conservative government, doing anything that would go strongly against the Orange grain. Re-imposing the full authority that the Government lost last week would require taking on the Orange Order again at another Drumcree and winning.

The week had another terrible effect in that it set back for years the prospects of some agreed new settle-

Power to the people of London town

Following the loss of the GLC, a movement has begun to campaign for change. But will its ideas lead to action?

The abolition of the Greater London Council by Margaret Thatcher has had at least this advantage: it has forced Londoners to think creatively for themselves about their city, rather than to leave it to local politicians. Into the vacuum have come dozens of bodies to consider virtually every aspect of the capital and campaign for change.

On the list in front of me are more than 120 separate organisations: Action for London, London First, London Cycling Campaign, London Rivers Association, London Forum, London Pride, and so on. Drawn into these groups are people who would never think of standing in a local election. Some are concerned citizens in a general sense. Some are committed to a particular cause. For some, London has become a sort of bobby. But they are all involved in a never-ending dialogue in which some highly creative thinking has taken place, unburdened, it must be said, by the responsibility of representing an actual group of people living in a particular area.

Then along came the Architecture Foundation, with the notion of holding public meetings on London themes. It found to its astonishment

that between 1,000 and 2,500 people were prepared to come to each of the monthly debates, which began in January and finished last week.

This sudden widening of public participation has changed the nature of the enterprise. A collection of disparate bodies of well-meaning people is beginning to turn into a movement, and becoming something more than a series of single-issue pressure groups.

The reason for this coming together is that improving London is such an attractive enterprise. It is not just the place where the campaigners live: more than that, London is a world city comparable with Paris, New York and Tokyo. A recent study showed that London and New York level peg as the world's leading financial centres; London matches New York and Paris in creative and cultural industries; and it retains substantial power and influence well beyond national boundaries. Equally, these four cities have disgraceful shortcomings – transport in London and New York, areas of great social deprivation in all but Tokyo.

The challenge, therefore, is nothing less than to make London the best place in the world. Such an achieve-



ANDREAS WHITTAM SMITH

ment could take many forms. Herbert Girardet, for instance, who studies the metabolism of cities, believes that London could become a pioneer in the 21st century as it was in the 19th. In the last century, London set the pattern for

John Gummer delivered some soundbites and promptly left

cities everywhere in its early use of fossil fuels, in its public transport network and its sewage disposal arrangements. It could do so again, by achieving what Girardet calls a circular metabolism. No longer wantonly dumping sewage, exhaust gases, household and factory

waste wherever it could, London would recycle plant nutrients as well as physical goods, and it would fully embrace clean energy technology such as solar systems. The capital city would become self-sustaining.

Wonderful! But there is a prior question. How is the connection to be made between ideas and action? Once you have excited thousands of people with your notions, you have to get real and find ways of influencing the decision-takers in the direction of new ideas for a better city.

At the last of the series of debates on Friday – extracts from which can be seen on Carlton TV this evening at 10.40pm – it was agreed that in the absence of an elected authority, there are two subsidiary sets of decision-takers that can be worked on. First, there are the financial institutions which own so much office, retail and factory property in London; and second, there are the London boroughs, which retain considerable powers. As for central government, the difficulties were exemplified by the behaviour of the Environment Secretary, John Gummer, who came into the debate to deliver some soundbites to camera and then promptly left.

This leaves most people engaged in

the London crusade hoping for a change of government. That is Plan A. Mr Blair enters 10 Downing Street and delivers an elected strategic body for London and a separately elected mayor – as he said he would at the public debate held in April. The trouble with this approach is that it is passive and trusting.

So Plan B has emerged. Under this scheme, a sort of unofficial Royal Commission is established to do the hard work of turning ideas about the future of London into coherent policy proposals. Care is taken to make the exercise as consultative as possible by reaching out to ordinary Londoners. It is done quickly in order to fit into Plan A. Perhaps the City of London is invited to provide the necessary standing as well as the secretariat. In this way, ideas begin to be transmuted into action by gaining authority. The movement for a better London makes progress.

Perhaps even a Conservative government with a renewed mandate would find it difficult to reject a well-argued case for reform. The abolition of the GLC would finally have produced a great benefit, albeit too long in coming – a completely fresh start in the government of London.

Good-bye battery



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US approvals allow Lloyd's rescue to go ahead

PETER RODGERS
Financial Editor

Lloyd's has cleared the last regulatory hurdle ahead of its key annual meeting in London today, confirming yesterday that it had received the approval of just enough US securities regulators to allow its £3.1bn rescue to go ahead.

By a deadline for agreement set at 0100 British Summer Time yesterday morning, Lloyd's managed to win the approval of regulators in states where 84 per cent of US members

reside, 4 percentage points above the minimum required for the agreement to take effect.

A number of US states, including Missouri, refused to sign up over the weekend to the £40m deal, which had been agreed in outline with a committee of US regulators on Thursday afternoon.

The annual meeting in the Royal Festival Hall today will be asked to approve a £440m contribution by 34,000 members to the £3.1bn rescue, the first in a series of votes on the package by action groups and individual

members which stretch out to the end of August.

An extraordinary general meeting in the same venue, requested by rebel members, will also vote today on motions to improve the offer substantially. The Lloyd's authorities expect, on the basis of opinion polls, to win both votes comfortably, but if they lose the rescue attempt may have to be called off.

The US committee had little more than 48 hours to win the signatures of individual US states and Lloyd's intends to try

to persuade those that have not signed to change their minds.

Lloyd's had been forced to negotiate with the US securities regulators because they had issued a series of orders that had the effect of blocking the rescue offer to the insurance market's 2,700 US members, a minority of the 34,000 total.

Lloyd's agreed to pay up to £40m to the US regulators in return for their agreement to drop all actions against the market. The regulators are to use the money to improve the offer to US names by more than

20 per cent, giving them a better deal than the rest of the membership.

Confirmed acceptances include seven states where 1,674 members reside, 62 per cent of the US total. These are New York with 321 and California, with 553 – the two biggest – as well as Louisiana, Colorado, Texas, Illinois and Florida.

As well as gaining 80 per cent coverage of members, Lloyd's insisted that 18 named states sign up. Because many states have small numbers of members, the actual number of reg-

ulators refusing could still be quite large. Missouri, which refused, has 67 members.

A rejection by regulators covering 16 per cent of Lloyd's US members would only marginally reduce the cost of the deal. Last week, Ron Sandler, Lloyd's chief executive, said that if rejections amounted to up to 15 per cent, the credits would be recycled to regulators that did approve the deal. Beyond that level, the package will be reduced pro-rata.

Mr Sandler described the agreement to give US names

preferential treatment as an "uncomfortable choice".

In a statement issued in New York, Peter Lane, managing director of Lloyd's in North America, said: "We believe this agreement with securities regulators recognises our mutual regulatory concerns and presents a sound and practical way to resolve all outstanding state disputes regarding Lloyd's."

He added that it was unfortunate that some regulators had not yet acted to gain the benefits for Lloyd's members within their states.



Lloyd's in the frame: The first vote on the rescue is due

British Energy: Flotation ends in more controversy as leaks are found at flagship reactor

Nuclear sale goes through at half price

PATRICK TOOHER

British Energy will this morning stagger across the finishing line to begin life as a publicly quoted company, valued at just £1.41bn, less than half initial expectations and lower than even the most pessimistic forecasts at the weekend.

The final figure of 203p a share for institutional investors and 198p for individuals is right at the bottom of the range indi-

Basis of allocation

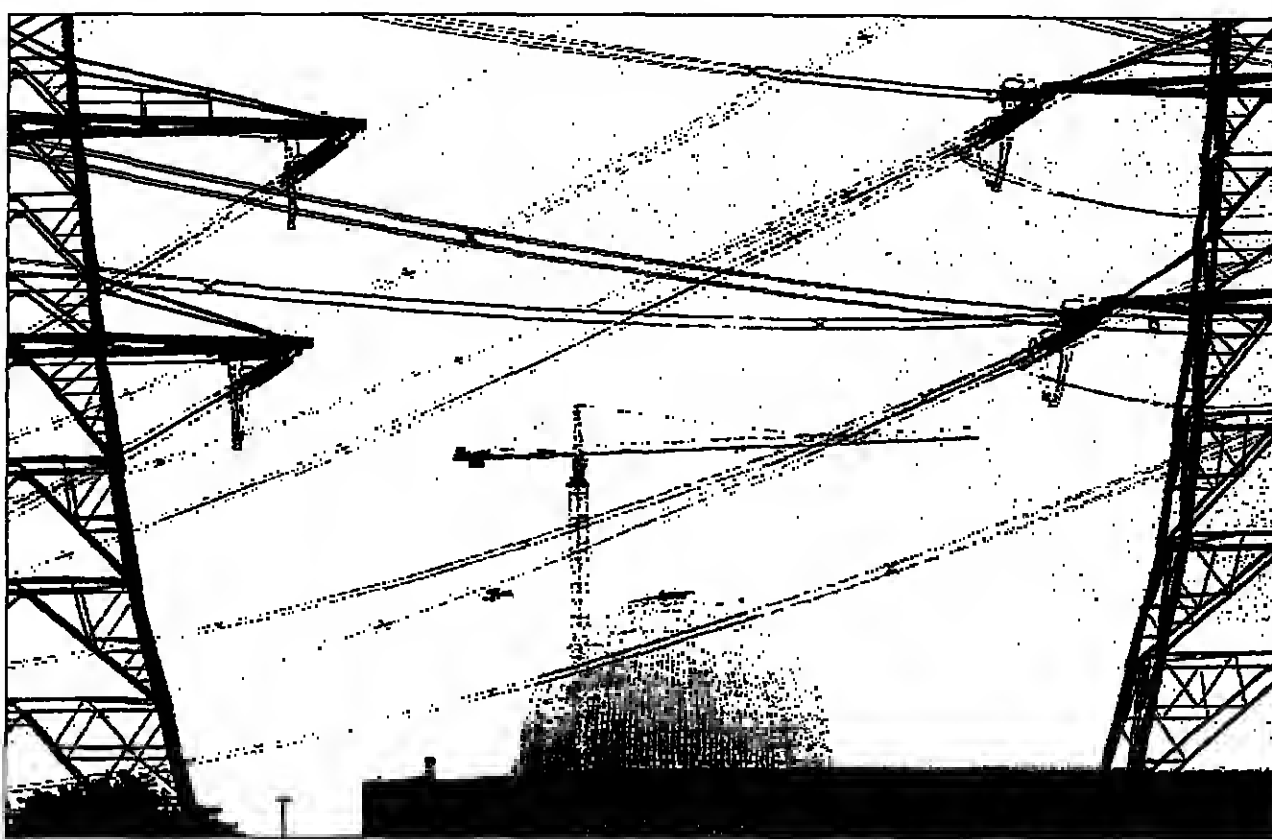
No. of shares applied for (by share shop applicants)	No. of shares received
300	300
400	400
500	420
600	421
700	450
800	465
900	480
1000	495
1500	540
2000	570
2500	600
3000	nil

cated by the Government just a few weeks ago. And the amount raised is only half the cost of building Sizewell B, the flagship nuclear power station at the centre of the latest in a series of safety scares that has dogged the privatisation process.

The sell-off, abandoned seven years ago because of City fears about the huge cost of decommissioning nuclear power stations and disposing of radioactive waste, ended as it had begun – in controversy – after it emerged that a third nuclear power station being privatised had been closed because of safety concerns.

But British Energy, which runs the eight modern nuclear power stations, denied the lower price was a result of adverse investor reaction to the recent shutdowns.

"It is tightly priced but the markets did us absolutely no favours," a spokeswoman said. "Wall Street had a dreadful week while the UK market was also down." Announcing the share price, Tim Eggar, the energy minister, also put a brave face on the outcome: "I



Sizewell B: The third nuclear power station under British Energy closed due to safety reasons Photograph: Brian Harris

am delighted with the success of the sale. We have completed the final stage of privatising the electricity industry and in the process raised more than £2bn for the taxpayer."

Mr Eggar's calculation of the proceeds includes £700m of debt that British Energy will carry on its balance sheet.

BZW, the investment bank handling the sale of British Energy, said a total of 606,000 people had applied for 443 million shares, making the retail offer 2.4 times oversubscribed. In total, the number of shares being offered to the public has been increased to 52 per cent.

Some 40 per cent of all applicants will receive all the shares they bid for. Applications for the

minimum 300 or 400 shares will be met in full, while higher bids were marginally scaled down.

The 375 million shares reserved for the international offer were oversubscribed by about 2.4 times. Just under half will go to UK institutions and about 20 per cent to US investors.

The controversial privatisation received another blow yesterday when British Energy confirmed faults had been discovered in the reactor at Sizewell B, its flagship station. It said leaks had been discovered in "at least one and no more than five" of the fuel pins – the alloy tubes which contain uranium.

The reactor at the Suffolk power station has been out of

action since 28 June, when it was shut down for routine maintenance. Its timetable for a 45-day shutdown would mean the reactor should be back in operation on 12 August, said a spokeswoman.

"There is no suggestion the problem with the pins will cause any undue delay. There is no reason to suppose any economic impact," she said.

The news follows the revelation last week that reactors at two other nuclear power stations were being shut down so engineers could check for cracks.

British Energy announced the closure of one reactor at Hinkley Point B in Somerset earlier this month after a crack was found in a pipe.

But on Wednesday evening the company revealed it had decided to close down another, identical, reactor at Hinkley Point B and two identical reactors at Hunterston B in Ayrshire as a precaution.

The decision was made public just hours after the offer of shares to members of the public closed, prompting claims by Labour that the Government was guilty of "organised deceit" by suppressing the information until after the crucial deadline had passed. Labour has called for a Commons debate on the nuclear sell-off on Tuesday.

News of Sizewell B's closure is likely to reinforce City fears that associated safety risks make British Energy a risky investment.

Business optimism takes a knock

MATHEW HORSMAN

Indicators of business optimism tumbled across the board, reaching a three-year low, according to the latest survey by Dun & Bradstreet, published today. Confidence about the level of sales, profits, employment and new orders dropped everywhere but Wales.

The proportion of businesses expecting a fall in new orders in the third quarter of 1996 climbed to 40.5 per cent, compared with 33.5 per cent in the second quarter. Stocks are not

being increased, due to the expectations of sluggish demand, Dunn & Bradstreet will argue.

"The deterioration in optimism for new orders bodes ill for the Chancellor's hopes of GDP growth reaching 2.5 per cent in 1996," Philip Mellor, senior analyst at D&B, said.

But, he added, inflationary pressures were likely to remain low, leaving scope for interest rate cuts aimed at stimulating economic growth.

The survey, based on data from 1,800 directors from around the UK, casts further doubts on the Government's

revised economic forecast of 2.5 per cent growth through 1996.

In Wales, optimism for increased profits was markedly more positive than in the rest of the country, with 61 per cent of those surveyed believing profits would be higher in the third quarter. The survey predates the announcement of Lucky Goldstar's investment in Wales last week.

The prospects for employment were less positive, with at least 40 per cent of firms across the country expecting to reduce staff over the third quarter.

Broken down by sector, the survey data showed manufacturers as being more bullish, with those expecting higher profits in the third quarter rising to 50 per cent from about 40 per cent in the second quarter.

The regional picture was mixed, with London and the South-east showing a sharp fall across all sectors, as did the Eastern region. But the East Midlands was somewhat resistant to the trend, with 77 per cent of firms expecting to increase sales over the next quarter.

Shareholder rejects Campari liquidation

MAGNUS GRIMOND

A row is about to break out over the recent decision to call in liquidators at Campari, the sports and leisure group.

The move, which came after the failure of plans for a capital injection from a private equity company, will be opposed by at least one substantial private shareholder at a meeting tomorrow to approve the appoint-

ment of Neville Kahn of Coopers & Lybrand as liquidator.

The shareholder claimed last week that secured loan stock holders in the company had pushed for the liquidation, while 1,000 small shareholders would see their money disappear.

He questioned who would be best served by this process. "Why was this route chosen? Will the loan stock holders get all their money back? There

doesn't seem to be an explanation and I think there ought to be an explanation."

The leading investor in last year's £2.3m rescue issue of convertible loan stock was the Hong Kong-based Wing Tai Exporters and menswear group Gieves, which is linked to Wing Tai. At the time, they were proposing to subscribe up to £1.4m in the issue.

Seventy-five per cent of the

votes controlled by those attending tomorrow's meeting are required for the liquidation to go ahead.

Around 52 per cent of the ordinary shares are in the hands of Wing Tai (29 per cent) and a company under the control of Paul Thompson, the chairman of Sanderson Electronics, a Sheffield-based computer support company, which owns 23 per cent.

STOCK MARKETS						
FTSE 100						
Index	Close	Week's chg	Change (%)	1996 High	1996 Low	YTD (%)
FTSE 100	4728.30	-14.9	-0.4	3857.10	3639.50	4.08
FTSE 250	4316.50	-50.7	-1.2	4568.60	4015.30	3.45
FTSE 350	1874.20	-10.6	-0.6	1945.40	1816.80	3.94
FT Small Cap	2147.27	-38.3	-1.8	2244.36	1954.06	3.05
FT All Share	1856.40	-12.3	-0.7	1924.17	1791.95	3.87
New York	5510.56	-77.8	-1.4	5778.00	5032.94	2.22
Tokyo	21658.45	-578.0	-2.6	22866.80	19734.70	0.731
Hong Kong	10802.68	-374.4	-3.4	11594.99	10204.87	3.381
Frankfurt	2544.28	-39.2	-1.5	2583.49	2253.36	1.821

Source: FT Information

INTEREST RATES			
UK interest rates		US interest rates	
Overnight yield (per cent 0-25 year bill rate)		Overnight yield (per cent 0-25 year bond rate)	
12/7/96	12/7/96	12/7/96	12/7/96
Month	Month	Month	Month
3M	4.50	3M	5.50
6M	4.75	6M	5.75
12M	5.00	12M	6.00
2Y	5.25	2Y	6.25
3Y	5.50	3Y	6.50
4Y	5.75	4Y	6.75
5Y	6.00	5Y	7.00
10Y	6.25	10Y	7.25
20Y	6.50	20Y	7.50
30Y	6.75	30Y	7.75

CURRENCIES			
\$/£		£/DM	
Close	Week's chg	Close	Week's chg
\$ (London)	1.5523 -0.28c	£ (London)	0.6442 +0.12
\$ (NY)	1.5530 -0.40c	£ (NY)	0.6439 +0.10
DM (London)	2.3635 -1.26p	DM (NY)	1.5226 -0.54p
¥ (London)	171.778 -10.654	¥ (London)	110.660 -10.225
₹ (India)	68.4 -0.3	₹ (India)	97.6 -0.1
OTHER INDICATORS			
Index	Close	Week's chg	Yr Ago
Oil Brent \$	20.00	+0.26	15.78
Gold \$	384.55	+2.90	388.40
Gold £	247.73	+2.31	244.05
Base Rates			
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CHRISTOPHER JOHNSON

Euro-sceptics have so far supported the Chancellor's Maastricht policy, because it fits in with their own views about the need to curb the public sector. But principles vanish when political survival is at stake

Tax-cutting policies will lose the markets' vote

The Chancellor of the Exchequer has in the last year or two managed to make his backbenchers – if not the voters – feel good about his policies, while staying on course to meet the Maastricht convergence criteria in 1997. This balancing act is becoming increasingly precarious. Mr Clarke will have a difficult choice in the November Budget.

His Summer Economic Forecast last week was presented to the European Union's finance ministers the day before. It showed that the UK, though not doing as well as predicted, was hoping to scrape through most of the criteria, but with virtually no margin of error.

As the finance ministers warned, this means no tax cuts or spending increases in the Budget. Yet if the Government gets through to November, there will be enormous pressure on the Chancellor to cut taxes. He has endorsed the EU warning, but he will be accused of botching the election if he refuses to cut taxes under what looks like pressure from Brussels.

The table shows the UK barely meeting the criteria. Inflation is the easy one, and most members of the EU are expected to pass it. Even so, the Treasury's 2.25 per cent forecast looks optimistic with a consumer boom. Other forecasts go for 2.5 per cent, which is only 0.6 per cent below the likely limit of 3.1 per cent.

The long-term interest rate test is easy too, because it allows for a limit of 2 per cent above the three best countries. If the present gap of 1.5 per cent between UK gilts at 8 per cent, and French and German bonds at 6.5 per cent continues, it will not be so wide as to keep the UK out. The best that can be said for the UK's government debt is that it is expected to stay within the 60 per cent of GDP limit.

if only for the next year or so. But it has been rising rapidly towards it.

The crucial criterion is the general government deficit limit of 3 per cent of GDP in 1997. As Treasury forecasts deteriorate, the achievement of this target has been postponed by a year. It will now need good luck with the forecast and a fudge of the calendar.

The Treasury predicts that the financial deficit will be 3 per cent of GDP in 1997/98. It will be higher in calendar 1997, the year to which the criterion applies; outside forecasters put it at 3.7 per cent, and the Treasury's implicit forecast is 3.25 per cent. Such figures might just be acceptable. As France and Germany may need some fractional flexibility themselves, they can hardly deny it to the UK.

This leaves the exchange rate stability criterion. Most other countries say that the UK has to be in the exchange rate mechanism for 1997 and 1998 to qualify. With the present 15 per cent bands, this would not be economically difficult, but it would still be politically impossible. If the UK case that there are other ways of measuring stability is accepted, the pound/mark rate may not behave too badly.

The Euro-sceptics have so far supported the Chancellor's Maastricht policy, because it fits in with their own views about the need to curb the public sector. But principles vanish when political survival is at stake. The Chancellor gave in to political pressure unnecessarily in last November's Budget by cutting taxes by 0.5 per cent of GDP. This made it harder to reduce the

deficit, came too long before the election to have any political pay-off, and whetted the backbenchers' appetite for more of the same.

If Mr Clarke believes his own growth forecast of 3.25 per cent in 1997 it will be irresponsible to cut taxes. He will probably try to get away with just cutting short-term interest rates, which may look low to us, with 5.75 per cent base rates, but are still a full 2 percentage points above French and German rates.

If the Chancellor ends up with looser monetary policy, and then looser fiscal policy as well, the financial markets, if not the electorate, will vote against him. We will be seen to have opted out of the single currency, long-term interest rates will go up, and the exchange rate will go down.

The British economy may run out of luck after a brief interlude of success outside the European monetary club. As Mr Clarke, if not his colleagues, has understood, joining the euro, far from ending the recovery, will help to prolong it.

Cutting government deficits can, in some cases, stimulate economic growth by means of lower interest rates, contrary to the Keynesian conventional wisdom. The OECD and the IMF have recently published studies of fiscal consolidation demonstrating this point. To take an example near home, Ireland currently has an economic growth rate averaging 6 per cent, after reducing its budget deficit from over 10 per cent to 2.5 per cent of GDP.

If the UK can get its government deficit and debt moving downwards convincingly, it will get the same benefit of lower long-term interest rates that countries expected to join the single currency are already getting. If long-term interest rates fell by 2 per cent, there would be a saving of £17bn on servicing the national debt, and the government deficit would fall by 1 per cent of GDP. Stagnant business investment would at last pick up.

If the UK fails the convergence tests, its treatment at the hands of the financial markets will be more severe than if it passes but still decides not to join the euro. If it passes the tests, it would be perverse to have gone through the short-term pain of

adjustment, and then abstain from reaping the full benefits offered by the single currency.

The markets would assume that, if we were so attached to our freedom to devalue that we stayed out of the euro, we would be more likely than not to use it. They would not wait to find out, but mark the pound down. This time, devaluation would be more likely to bring inflation in its wake than during the recession in 1992, and the UK might cease to meet even the inflation criterion.

In theory, going it alone on the path of financial virtue is an option for the UK. But the present uneasy cat-and-dog menage of Chancellor and Governor is unstable. If the Chancellor again overrules the Governor, and cuts interest rates, it will be seen as political interference in monetary policy such as an independent central bank is designed to avoid. Politicians do not want an independent Bank of England, but they may get better monetary policy from an independent European Central Bank.

Joining the single currency is a historic decision. It is a triumph of hope over experience to suggest that we have succeeded in reversing the post-war decline in the pound in any permanent way. The plaudits heaped on Alan Greenspan's wise management of the US Federal Reserve indicate that we would do better to take the pound out of party politics and pool it in the euro under a European Central Bank accountable to national and European parliaments.

Christopher Johnson, a former chief economist of Lloyds Bank, is author of 'In with the Euro, out with the Pound: the Single Currency for Britain', published by Penguin on 19 July

	Treasury	OECD	Commission	Limit
Inflation(1)	2.25	2.5	2.5	3.1
Long-term interest rate(2)	8.0	8.0	8.4	
Gross government debts(3)	56	59	56	60
Government deficit(4)	3.25	3.7	3.7	3.0

Limits: Inflation 1.5 per cent above three best forecasts; long-term interest rates 2 per cent above three best forecasts.

Notes: 1. Treasury RPI less mortgage interest, others consumer price deflator. 2. Yield on 10-year government bonds; Treasury takes recent levels as forecast. 3. As per cent of GDP. 4. As per cent of GDP; Treasury derived from 1996-97 and 1997-98 forecasts.

A superstar professor fights a lone crusade against the onslaught of fashionable economic notions. He spoke to Diane Coyle

Keeping the barbarians at bay

Most people, if they have an image of an economics professor at all, will probably think of some shuffling chap who is marked above all by his inability to communicate with normal folk.

Paul Krugman, one of the world's superstar economics professors, is a researcher in the field of economic geography. But he is utterly unable to give me directions to his office: he does not know where it is exactly. So far, so good for the stereotype.

However, Professor Krugman is overwhelmingly able to communicate. His conversation is fast and funny, refreshing in a profession still recycling jokes that date back to Adam Smith. He expresses superbly trenchant opinions about economics – and economists.

Some of the latter are a mite unflattering. For example, he has taken to task Lester Thurow, whom he will be joining as a colleague at the Massachusetts Institute of Technology in the autumn, for not being very good with numbers and stumbling over economic basics. In an essay criticising one of Professor Thurow's books on America's competitive struggle, he said: "Everyone makes mistakes, although it is surprising when men who are supposed to be experts on international competition do not have even a rough idea of the size of the US trade deficit."

The cootereps stems from Professor Krugman's rejection of Thurow's pessimistic views about the "globalisation" of the world economy – "globalisation" as he describes it. For the past three years, Paul Krugman has waged war against

the fashionable notions that countries are engaged in a competitive fight to the finish (countries do not go out of business, he points out) and that trade is somehow bad for the Western industrial nations.

"I had to turn from advancing the frontier to fighting a rear-guard action," is how he describes his diversion from the academic ivory tower to the rough and tumble of public policy. "I now have a lot more respect for the policy wonks who say the same sensible things again and again. I am tired of having to defend the basics of logic against well-funded barbarians."

The barbarians are those who blame foreigners – it used to be the Japanese, now any other productive Asians – for America's economic woes. These are, variously, the shrinking manufacturing base, the trade deficit, downsizing and unemployment, and falling wages at the bottom end of the income scale. Professor Krugman points out that the manufacturing sector has been in decline for half a century, as in all the industrial countries. The US unemployment rate is one of the lowest in the West.

He goes on to calculate how big a part the trade deficit could have played in destroying jobs in manufacturing and reducing blue collar wages. The figures suggest it cannot have been very much as the US has not traded enough with cheap labour countries for them to account for more than a small fraction of the losses. He agrees about the direction of the effects the fashionable pessimists wor-

ry about, but not the size. "The big questions about trade and technology are a bit like global warming," he says. "The principle is out in doubt, but it is a question of scale." This makes getting the numbers wrong the height of irresponsibility.

He is still frequently invited to business conferences to represent the voice of reason against the barbarian tide – and usually finds himself in a minority.

THE MONDAY INTERVIEW PAUL KRUGMAN

...of one, he adds. However, welcome as this work is as a supplement to an academic salary, his interest now is economic geography. This is a once-defunct subject that Professor Krugman has resuscitated almost single-handedly. It is even described as the New Economic Geography these days.

Understanding regional economies is an extension of his interest in international trade. The difference between a region and a country lies in the absence of barriers between regions. Barriers between nations do not have to be very high to alter economic behaviour. For instance, there is at least 10 times as much trade between Canadian provinces as between a Canadian province and a US state, despite the cultural similarities between the two countries and the near-complete freedom to trade across the border. "In a place where a border ought not to matter it clearly does," he says.

Economic theory predicts that regions will develop specialisations once the process is start-

ed by accidents of history and location. The reason is that economies of scale, along with spillover effects such as the exchange of technical know-how and creation of a skilled labour pool, tend to favour clusters of very similar businesses. The phenomenon is well-documented, especially by management experts such as Michael Porter.

These clusters become self-sustaining and very specialised. For example, Silicon Valley in California and Route 128 in Massachusetts are both important centres for information technology businesses. But Silicon Valley specialises in stand-alone PCs, while Route 128 focuses on mainframes running dumb terminals and the very similar network technology.

Professor Krugman observes that because of the absence of internal barriers, US regions are much more specialised than European ones. The US has Hollywood: each European country has its own movie industry. As barriers to trade and movement in Europe are removed, there will be economic pressure to concentrate movie-making in one location, he predicts. "If Europe goes that way we are talking about massive industrial restructuring. And if Europe becomes as integrated in economics as the US but not as politically integrated there will be some obvious things to worry about."

What's more, European cities are smaller than they would be if the Continent were all one country. "Europe ought to have a city of 30 million people. What would the French do if it turned

out not to be Paris?" he ponders.

Cardiff and Edinburgh, he points out, are smaller than they ought to be for the size of the Welsh and Scottish economies, mainly because Britain is such a centralised country with an out-of-proportion capital.

"Devolution could be bad for London," he warns. But would it be good or bad for Welsh and Scottish bids to attract inward investment?

Professor Krugman replies with an anecdote. "I have given the southernmost economics lecture in history, in Tierra del Fuego – although it was on the north side of town, so somebody could still give one on the south side of town."

Visiting the end of the earth to lecture Argentine businessmen, he expected to find that fishing was the dominant local industry. Not at all. It turned out to be electronics, thanks to investment incentives provided by the Argentine government.

The moral is that tax breaks can temper the strongest economic forces. It looks a safe bet that research into the apparently abstract field of economic geography will not keep the crusading Professor Krugman out of policy controversies for very long. And economic policy will be the better for it.



Paul Krugman: 'I'm tired of having to defend the basics of logic' Photograph: Gerald Lewis

TV takes step into cyberspace

A US news service linking NBC and Microsoft promises to fuse television and the Internet. David Osborne reports

Television in the United States will take a tentative step along the information highway this morning with the launch of an ambitious 24-hour news service operated jointly by the NBC network and the computer systems behemoth, Microsoft Corp.

Formed from a \$500m joint venture unveiled only seven months ago, the new channel will attempt to challenge directly the primacy of Ted Turner's Cable Network News (CNN), which has had the field virtually to itself in 24-hour news programming since its foundation 16 years ago.

The birth of the new service, to be known as MSNBC, is likely to trigger a fierce battle in the industry for news viewers globally. Rupert Murdoch's Fox television company is also preparing to join the fray with its own all-news channel later this summer. Similar plans were recently shelved by ABC, owned by Disney, because of inflated costs.

MSNBC is attracting intense curiosity also because of its promise to fuse traditional television viewing with the Internet. An interactive version of the cable news service will be carried simultaneously on a World Wide Web site managed by Microsoft (<http://www.msnbc.com>). Viewers will be encouraged to refer to the site for further details and content of individual newscasts.

"Visionaries have said, 'Oh yes, some day the computer and the television screen will come together,'" commented Mark Harrington, the general manager of MSNBC. "Well some day turns out to be 15 July. What happens

after that, we'll invent one day and one story at a time."

Executives have rushed to introduce the service in time to catch a peak period of news in the United States, beginning with the Olympic Games, which open in Atlanta next weekend, and the final stretches of the presidential campaign, which culminates with the election itself in November. President Bill Clinton is to be tonight's inaugural guest on *InterNight*, an interview programme to be put out daily in evening prime time.

There will be nothing out about MSNBC's determination

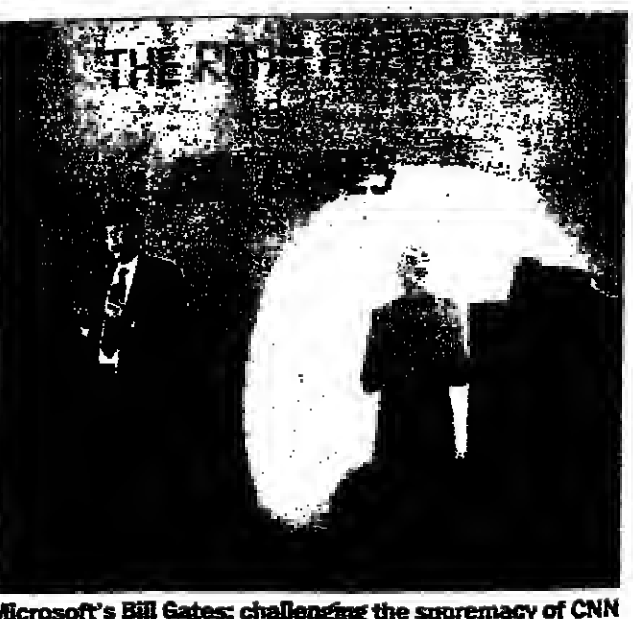
to take on CNN, meanwhile. Several weeks ago, a giant billboard advertising the new venture was posted across the road from CNN's headquarters in Atlanta bearing the cheeky message: "The future of cable news from the people you know."

As its primary weapon, MSNBC has at its disposal not only NBC's 1,200-strong corps of journalists but also the network's most famous household names. Among these is NBC's veteran evening news reader, Tom Brokaw, who will conduct the interview with Mr Clinton. CNN, meanwhile, has the

advantage a world-wide brand identity for delivering round-the-clock news. Crucially, it also has a commanding presence on America's overworked cable distribution systems, with access to some 65 million US homes. To make way for the MSNBC, NBC is being forced to close down "America's Talking", an all-talk cable channel it launched two years ago. That service, however, has only made inroads into 16 million homes.

Finding space on cable is also a critical challenge for Fox. Rupert Murdoch recently offered cable operators \$10 as a cash incentive for every viewer given access to his putative all-news service. It was that manoeuvre that persuaded ABC to throw in the towel. Even more strikingly, Mr Murdoch also last month offered Telecommunications Inc (TCI), America's largest cable operator, a 10 per cent stake in his new service in return for a guarantee that it would be automatically offered to TCI customers.

A danger for MSNBC, meanwhile, is that its launch may be coming too soon for the interactive side to be fully developed, which could lead to disappointment for users of the web. Technology that would allow full video of the cable news service to be played on the web is barely available yet and critics point out that CNN already has several web sites of its own. NBC executives predict, none the less, that within a few years more people will be accessing MSNBC by computer than on their televisions.



Microsoft's Bill Gates: challenging the supremacy of CNN

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It beat smallpox. So now what else can it do?

Genetically altered, the anti-smallpox virus *vaccinia* can fight many other diseases, writes **Bernard Dixon**

Is smallpox vaccine due for a comeback? It may seem perverse to ask such a question in 1996. This is the 200th anniversary of Edward Jenner's successful vaccination of young James Phipps, which led to the widespread adoption of Jenner's method of preventing smallpox by infecting people with the related cowpox virus (*vaccinia*). Two centuries later, having eradicated smallpox using Jenner's technique, the World Health Organisation has announced that the two remaining laboratory stocks of the virus are to be destroyed.

With smallpox gone, there might seem to be little further use for *vaccinia*. But many other viruses continue to cause disease and death on a vast scale throughout the world. And one

example, or by drugs given to prevent the rejection of transplanted organs. Second, it is theoretically possible that a genetically altered *vaccinia* virus could pass from humans to wildlife, or interact with related viruses, with uncertain consequences.

Paoletti believes that an alternative approach may prove more acceptable and equally effective: to use viruses that have the advantages of the first generation of recombinant vaccines, but none of their disadvantages. Several are being developed which have virtually no side-effects, provoke immunity and, like conventional *vaccinia*, are "live": they do not reproduce (or do so poorly) in recipients' cells and so cannot spread to other animals.

As a basis for one range of vaccines, Paoletti and colleagues have removed several regions of DNA from *vaccinia* that it requires to multiply harmfully. Known as NYVAC, the resulting virus retains the capacity to grow normally in chick embryo cells, yet can scarcely grow at all in human and other animal cells. NYVAC does not produce inflammation at the injection site, and has negligible ill-effects, even in mice whose immune systems have been compromised.

Microbe of the Month

means of combating them may be to use genetically altered forms of *vaccinia*.

One expert who believes so is Enzo Paoletti. More than 10 years ago he discovered how to insert genes from other microbes into the DNA of *vaccinia*. In principle, if such an inserted gene normally produces a particular protein in the donor microbe, then it could do so in the cells of its new host too. And if that protein, in its original place, induced an infected animal to produce antibodies, the augmented *vaccinia* virus might do the same thing.

It worked. Scientists have since engineered several such "recombinant vaccines". One is a version of *vaccinia* designed to provoke immunity against rabies when taken by mouth. It has been distributed in several parts of Western Europe, injected into chicken heads left to be eaten by wild foxes, which can carry rabies. Many foxes took the bait and the disease is virtually extinct in Belgium.

Although such vaccines appear to be safe, scientists remain cautious about the prospects of using similar ones in humans, or in animals in contact with humans. First, the procedure is not trouble-free. At the injection site, *vaccinia* can cause unpleasant reactions, which are likely to be severe in individuals whose immune systems are impaired – by Aids, for

example, or by drugs given to prevent the rejection of transplanted organs. Second, it is theoretically possible that a genetically altered *vaccinia* virus could pass from humans to wildlife, or interact with related viruses, with uncertain consequences.

Paoletti believes that an alternative approach may prove more acceptable and equally effective: to use viruses that have the advantages of the first generation of recombinant vaccines, but none of their disadvantages. Several are being developed which have virtually no side-effects, provoke immunity and, like conventional *vaccinia*, are "live": they do not reproduce (or do so poorly) in recipients' cells and so cannot spread to other animals.

The fight against smallpox: inoculation during the epidemic of 1902. Now the virus exists only in the laboratory

Photograph: Hulton Getty



Inside the blackboard jungle: a security guard uses a detector at a school in Brooklyn, New York, searching for weapons

Photograph: John Giordano/SABA

Protection by detection

A new kind of radar may solve the problem of lethal weapons in our schools. **Tony Newton** reports

In the past 12 months, British schools have seemed less safe than ever before. First, the fatal stabbing of the head-teacher Philip Lawrence while trying to help a pupil; then the horrific massacre at Dunblane; now a machete attack at an infants' school. How can we make our schools the haven for children that they ought to be? Part of the solution may come from the US – by a clever updating of radar.

Compared with the UK, American schools face far bigger problems. The routine carrying of weapons – knives and, worryingly, guns – is far more prevalent. The figures are staggering. According to statistics from the US Bureau of Justice, more than half of violent crimes against teenagers occur in school buildings, on school property or on streets near a school. An estimated 100,000 students carry a gun to school, and gunshots cause one in four deaths among American teenagers.

The carrying of weapons by children for self-protection has reached such epidemic proportions that many American schools have installed metal detectors at all entrances. But as we all know from our experience at airports, conventional metal detectors get it wrong a lot of the time – causing delays and frayed tempers – and only work at very short range. With more than 120,000 school buildings in the US, and an average of eight entrances per building, the search is on for a better system – one that is accurate, cost-effective and non-intrusive.

Now, an American company

is experimenting with a device that will be able not only to detect concealed weapons from several metres away, but also to tell what sort of weapon it is. And the subjects will not even know they are being scanned.

The device, known as the Concealed Weapons Detection System, is being developed by The MacAleese Industries Inc, of New Mexico, and has been tested on the nearby Radar Range at the Sandia National Laboratories. It is based on a short-range version of radar.

First, a transmitter beams a pulse of radio energy at the subject. Most of the radio energy passes straight through the body, but a metallic object – such as a knife or a gun – will reflect or scatter some of the energy, which is then picked up by a receiver mounted in the same unit as the transmitter.

So far, this is not very different from the way in which the radar at an airport detects the presence of planes in the sky above it. But the clever part of this new device is the incorporation of software programmed to recognise the characteristic energy scatter patterns – the "signature" – for a wide variety of weapons, such as knife blades, derringers or larger-calibre pistols, and which can discriminate between a weapon and other common metallic objects such as belt buckles, coins or jewellery.

Controlled lab testing has produced a 99.2 per cent suc-

cess rate for discriminating between weapons and innocent objects – far higher than conventional metal detectors, says the company.

For any building where security is important, the designers envisage a system comprising a complex but hidden array of antennae to provide total coverage of the approach to the door. When a person carrying a concealed weapon approached the door, the system would detect it and automatically engage an electronic lock to keep them out,

while sending an alarm (either audible or discreet) to security personnel.

Schools are not the only ones that could benefit from this system. Banks and airports would be prime candidates. Taxi drivers could be protected too – now that attacks by passengers are increasingly common, if not commonplace. A concealed weapons system designed to cover the back doors could warn the driver and automatically lock the door before the passenger got in.

The crucial question is cost:

if the device works but is too expensive, then cash-strapped British schools will never be able to afford to install it, and it will be only those organisations that can already afford to spend heavily on security that will use it. On this front, the news is equivocal.

"Our goal is to manufacture these devices for less than \$3,000 per unit," said a spokesman for The MacAleese Industries. However, volume – or a government contract – might pull the figure down.

The company is also devel-

oping lightweight, hand-held versions of the device for police or military use in the US. For the police officer, a device with a range of 5m to 15m would allow the unobtrusive scanning of a suspect for concealed weapons before trying to make an arrest; this would lessen the risk to the arresting officer and reduce the likelihood of shooting an unarmed suspect. Such a device could also be used to scan large numbers of people arriving at or leaving an event. For the military, a more powerful backpack or vehicle-mounted unit would allow long-range surveillance – up to 400m – and could be used to detect snipers or possible ambushes.

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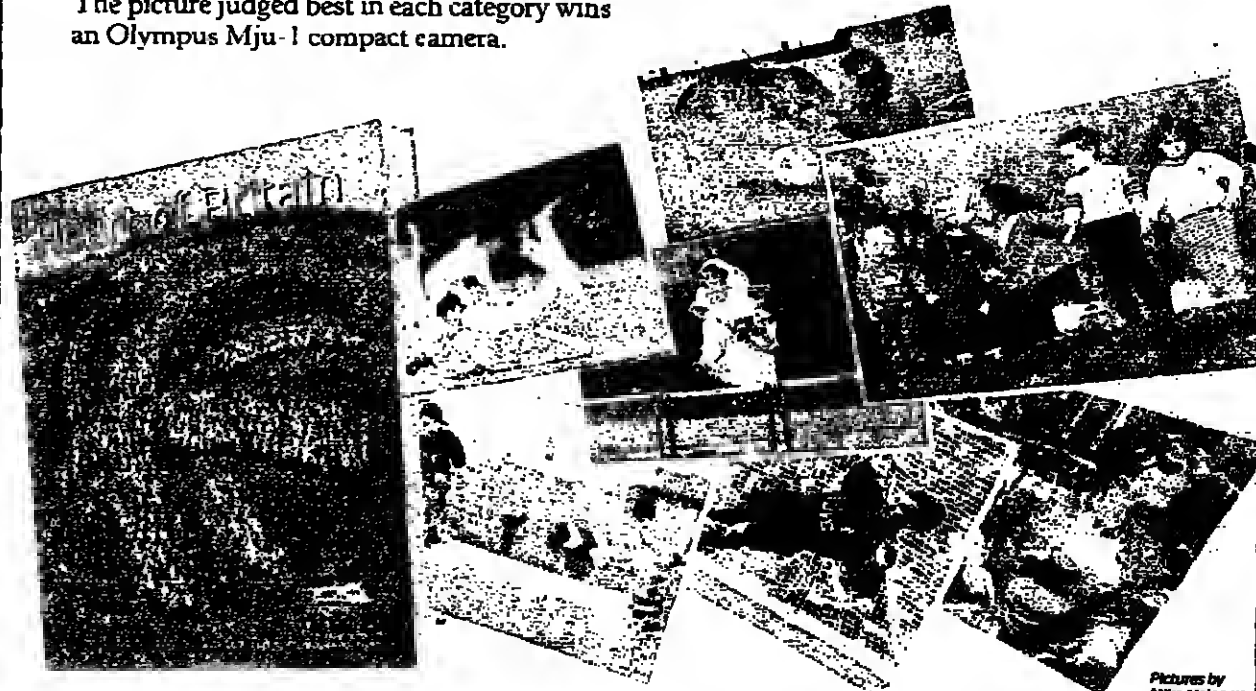
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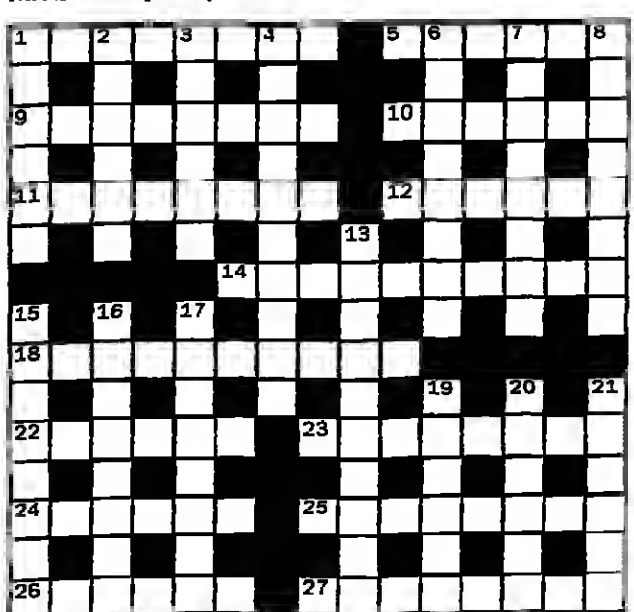
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THE INDEPENDENT CROSSWORD

No. 3039, Monday 15 July



- ACROSS**
- Well-intentioned Vatican figure (8)
 - Yield from a bank, including francs (6)
 - Fight river cramp, audibly (8)
 - Chant read from staff, well-turned creation (6)
 - It's early days for the Opposition (8)
 - Brief's up in the air, perhaps (6)
 - Publication risk, by the way, she's entered into (10)
 - What many get up to (10)
 - Jerks round first of shoe buckles (6)
 - This rat's from a hunting ship, without question (8)
 - Propose having home nurse (6)
 - Pressed seaman within looked sullen (8)

- DOWN**
- Succession of spies taking in a state (6)
 - Rock enthusiast? (8)
 - Alien almost returns (6)
 - Labelling article, inverted pot (6)
 - Sedans for Oxbridge VIPs (6)
 - Gown from topless pieces, including variety of reds (10)
 - Fellow criminal's without crack? (8)
 - Visitor's KO'd on drink, we hear (8)
 - Measures currents (8)
 - Social upheaval that might bring the House down? (10)
 - The end, wretched one, getting Saint stoned (8)
 - Address occupied by trendy politician (8)
 - Crazy Cockney's away for a time (8)
 - Slight is withdrawn (6)
 - Like many beds for all needing treatment (6)
 - Left craft, capsizing clipper (6)

By Mass